FINANCIAL TIMES

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U.S.: Reagan's public standing, Page 11

NEWS SUMMARY

GENERAL

Reagan considers envoy for Salvador

President Ronald Reagan is expected soon to appoint a special U.S. envoy to supervise the planned El Salvador elections in December.

The move would be seen as an attempt to head off a mounting rebellion in Congress against his Central American politics.

It was thought that he might make an announcement in his address to tonight's rare joint session of the Senate and the House of Representatives. Page 12, El Salvador background, Page 4

Kohl in China

Chancellor Helmut Kohl of West Germany has accepted an invitation to visit China. No date has been set.

Nicaragua fears

Nicaragua junta leader Commander Daniel Ortega said he expected a new front to be opened in the guerrilla war, from across the Costa Rica border. He said the U.S. was supporting a force of between 500 and 700 men without the knowledge of the Costa Rica Government. Page 4

Cubans restricted

U.S. reimposed a 25-mile (40km) travel restriction on Cuba's United Nations diplomats in New York, saying officials had misused their freedom to travel by engaging in espionage.

Israeli homes plan

Israeli's Government plans to move thousands of Palestinians out of refugee camps on the West Bank into alternative housing.

Premier steps down

Thai Premier General Prem Tinsulanonda said he would not serve another term of office. Last week's election proved inconclusive and he was seen as the one man capable of uniting the country.

Swedes recall envoy

Sweden recalled its ambassador to Moscow after publication of an official report saying six Soviet submarines had entered Swedish waters last autumn, and the Foreign Ministry called in the Soviet ambassador to protest against repeated incursions. Page 2

Aid workers held

Four Britons and two Irish nurses were among 10 foreign aid workers taken hostage by anti-government guerrillas in northern Ethiopia. A Belgian MP, back from Eritrea, showed in Brussels photographs and videotape of what he says are Eritrean victims of Ethiopian army napalm bombing.

Dog lovers give up

Brandishing guns and a bomb, a married couple held police at bay for seven hours after seizing the town hall at Norwich, New York, to demand the return of their 43 dogs. They surrendered when police promised them two dogs in exchange for the release of 10 officials held hostage.

Dust in the desert

Eight Dubai merchants who ordered $500,000 worth of seed nuts and clothing from Hong Kong, and paid in advance, opened the consignment and found only sawdust.

Briefly...

Four Ethiopian football internationals have asked to stay in Mauritius as refugees.

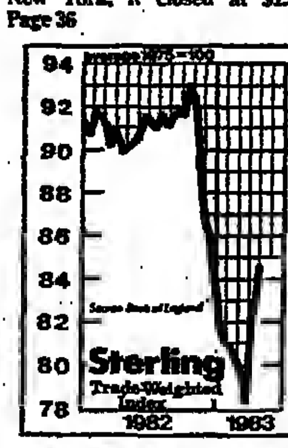
Japan: Six crew of an anti-submarine seaplane were killed when it crashed at the Iwakuni base.

BUSINESS

$118m loss for U.S. Steel

● U.S. STEEL reported a first-quarter loss of $118m, following a first-quarter 1982 profit of $80m, and a fast-quarter loss of $232m. Page 12. Bethlehem Steel lost $175m in the first-quarter, an increase of 162.7 per cent on 1982, but thinks the worst is over. Page 13

● STERLING continued to improve, rising 78 points to $1.573, its best London closing level for three months. It reached DM 3.8575 (DM 3.8375), FFr 11.555 (FFr 11.47), SwFr 3.2375 (SwFr 3.22) and Y373.5 (Y370). Its Bank of England trade-weighted index rose from 84 to 84.6, its best level since December. In New York, it closed at $1.5685. Page 36



● DOLLAR was firmer, rising to DM 2.4506 (DM 2.444), FFr 7.3475 (FFr 7.3275), SwFr 2.056 (SwFr 2.055), and Y237.5 (Y236.5). Its trade weighting improved from 122 to 122.5. In New York, it closed at DM 2.4455; FFr 7.3325; SwFr 2.0515; and Y2.3685. Page 36

● GOLD fell $4 in London to $436, by $5.75 in Frankfurt to $435.75, and by $7 in Zurich to $435.5. In New York, the Comex April settlement was $438.8 ($436.9). Page 33.

● LONDON: FT Industrial Ordinary index edged up 11.9 to 695.2. Government securities showed minor gains. Report, Page 29; FT Share Information Service, Pages 34, 35

● WALL STREET: Dow Jones index closed 22.25 up at 1,209.46. Report, Page 29. Full share listings, Pages 30–32. New York City has abandoned plans to introduce a stock transfer tax on securities firms, saying it might retard growth.

● TOKYO: Nikkei Dow index rose 11.38 to 8607.47. Stock Exchange index gained 1.2 at 624.42. Report, Page 29. Leading prices, other foreign exchanges, Page 32

● AUSTRALIA'S Government is to bring in a mini-budget next month to check inflation and boost housing and other job-creation measures. Companies have been urged to hold down dividends in line with the wage pause. Page 3

● CHINA, looking for long-term iron supplies, says three Australian groups, Goldsworthy, Hammersley, and BHP, have offered to discuss joint ventures. Page 18.

● AT&T, the U.S. telecommunications group, has deferred closure of its Dublin plant until May 6, to discuss with the Irish Industrial Development Authority whether the plant and any of the 500 jobs can be saved.

● BRITISH Electric Traction is bidding £122m ($192m) for the 38.1 per cent of cable television group Rediffusion it does not own. News Analysis, Page 8; Lex, Page 12

● MATSUSHITA ELECTRIC of Japan, whose 83 subsidiaries include Victor, reported net profit for the first quarter, ended February 20, of Y34.9bn ($147m), 1 per cent up on a year before. Page 15

● WORLD AIRLINES of the U.S. is offering passengers buying tickets to the U.S. dollars at the favourable rate of $1.82 to the pound until May 31.

British business confidence sees sharp recovery

BY MAX WILKINSON AND ROBIN PAULEY IN LONDON

A sharp upturn in UK business confidence was reported yesterday by the Confederation of British Industry (CBI). The employers' group said that its latest quarterly survey revealed the first substantial recovery of confidence since July 1976.

The CBI's latest industrial trends survey of 1,700 companies showed that 38 per cent of them were more optimistic about business prospects than they were four months ago. This compares with only 12 per cent reporting more optimism in the last survey in January.

However, the CBI emphasised yesterday that the recovery was starting from a very low level of activity, and cautioned that any talk of a "boom" would be premature.

Sir James Cleminson, chairman of the CBI's economic situation committee and its president-elect, said yesterday: "We are looking at a steady climb off the bottom and we are probably just in the second rung of the ladder now."

The CBI's quarterly survey, which is the most extensive of its kind in the UK, has an excellent track record in predicting the course of the economy.

Yesterday results from the April survey were welcomed by Mrs Margaret Thatcher, the Prime Minister, as "very good news." She said: "Added to other signs it gives grounds for cautious optimism about recovery."

The latest indications of industrial recovery buoyed up the stock market in London yesterday. The FT industrial ordinary share index rose 1.9 points to close at 695.2.

A general mood of confidence was also helped by the continued strong trend of sterling. Its trade-weighted index calculated by the Bank of England rose again yesterday by 0.6 points in London to 84.6 (1975=100), its highest this year and some 8½ per cent above its low point in March.

The CBI's survey also showed:

● A balance of 18 per cent of companies reporting a rise in the volume of total orders, the largest recovery in demand recorded since 1977;

● The largest proportion of companies reporting a rise in output since July 1979. A balance of nearly a quarter of companies expects further and larger rises in output in the next four months;

● Significantly improved export prospects, with a majority of companies reporting higher export demand for the first time since October 1981;

● A suggestion that unemployment may rise at a diminished rate in the coming months;

● An indication that price rises will continue to be moderate in the coming months

CBI Industrial Trends Survey Number 88 April 1983. Annual subscription to non-members £140, single copies £37.50, from CBI Industrial Trends Forecasting Department, Centre Point, 103, New Oxford Street, London WC1A 1DU.

Details, Page 6; Feldstein urges Federal budget deficit curbs, Page 4

Sr Mario Soares

Soares faces the problems of victory

By David White and Diana Smith in Lisbon

AFTER MUTED celebrations by torchlight for the return of Sr Mario Soares, the Socialist leader, as Prime Minister, Lisbon went back to work yesterday under rain clouds.

The Socialist forecast of austerity for the next two or three years is expected to start affecting the country as soon as Sr Soares is able to form a coalition government.

His party's inability to secure an absolute majority adds to the uncertainty of the country's economic outlook.

Sr Soares's victory completes a trend that brings the whole corner of Europe covering France and the Iberian Peninsula under Socialist leadership for the first time in history. Portugal's Socialists, however, face problems that are more urgent than was the case in the two larger countries.

These problems fall into three closely related areas.

● Political. The election, which still awaits final results, especially from the large, basically conservative, expatriate community will leave the Socialists with 99 or 100 seats. This is a gain of about a third on their previous total, but well short of the 126 they would have needed for an absolute majority.

Although the joint Left, with a gain in the Communist vote, would easily achieve that majority, Sr Soares has flatly rejected a French-model Union of the Left. He therefore has to pitch his tent in the same camp as the Social Democrats (PSD), who were the main force in the last government.

That prospect is complicated by the weak position of Sr Carlos Mota Pinto, who was elected as the PSD's new leader only two months ago. Both parties must sound out their rank and file before entering into an alliance and, therefore, before agreeing on a programme.

The Socialists have vowed to implement 100 measures in 100

Continued on Page 12

Editorial comment, Page 10

Signal puts Mack Trucks up for sale

BY RICHARD LAMBERT IN NEW YORK

MACK TRUCKS, one of the world's leading producers of heavy duty diesel trucks, is up for sale. Signal Companies, a California-based industrial group which owns 80 per cent of the shares, said yesterday preliminary discussions were under way with Renault of France, which bought 20 per cent of Mack in 1979 for $115m.

The talks concern the possibility of the French company increasing its shareholding in Mack, which lost $32.3m in 1982, and of assuming operating responsibility for the company.

Signal said the balance of its shareholding in Mack would be sold either through an underwritten public offering or a distribution to Signal's shareholders. In preparation for such a move the group has written down its investment in Mack by $108m.

Mack's assets last year amounted to $722m, and its sales totalled $1.3bn, down from a peak of $1.8bn in 1979.

Signal merged with Wheelabrator-Frye, an international engineering and manufacturing company, last November in a deal worth nearly $1bn. Since then there has been speculation that Mack might be split off from the enlarged group.

Mr Forrest Shumway, Signal's chairman and chief executive, said yesterday the thrust of Signal had shifted, making it sensible for the group to redeploy Mack's assets.

"I believe that the closer relationship with Renault will make an even stronger Mack."

Mack sells in North and Central America a complete line of medium-duty diesel trucks built to its specifications by Renault. The U.S. company itself is a fully integrated manufacturer, building its own engines, transmissions, axles, frames and other key components.

It operates from five facilities in the U.S., one in Canada, and nine outside North America. One-sixth of its truck sales are outside North America, and it claims to be the country's leading exporter of heavy duty diesel trucks. Its share of this market within North America is put at more than 19 per cent.

Mack's earnings reached $67.3m in 1979, when it delivered 38,300 units, but it has been badly hit by the worldwide recession. Deliveries fell to 19,800 last year, and although the company has reduced its operating costs substantially, it moved into the red during the year.

The cost to Signal of writing down its investment in Mack has almost been offset by a $107m gain on the sale of a broadcasting interest. The group is also reorganising its continuing operations. As a result it reported yesterday a net loss of $83m for the first quarter of 1983, against a profit of $31.2m in the same period of 1982.

Barclays to boost capital with $400m U.S. issue

BY ALAN FRIEDMAN IN LONDON AND WILLIAM HALL IN NEW YORK

BARCLAYS BANK, the biggest bank in Britain, with assets of £59bn ($92bn) yesterday launched its largest ever capital boosting exercise with a $400m 20-year bond issue in the U.S.

The 20-year bonds, known as "Yankee bonds" because they are a U.S. domestic borrowing by a foreign institution, represent the single largest such issue for a foreign corporate entity.

The money is being raised on very fine terms, with Barclays paying 11⅝ per cent on the 20-year bonds, which are priced at 99.50 to yield 11.69 per cent at issue price. This is a spread of just over 1 per cent above the comparable U.S. Treasury bond, which illustrates the strength of demand for the Barclays Triple-A rated paper.

Barclays is one of only a handful of banks in the world which today carry the top-quality Triple A credit rating.

On April 12 Barclays filed a "shelf registration" in New York, giving notice that it planned to raise up to $500m during the next two years. Until just a few days ago the bank and its advisers expected to raise $150m – this was increased initially to $300m and then to $400m on the strength of a warm market reception in New York.

Mr Frank Dolling, a Barclays Bank vice-chairman, said last night the proceeds would be used "to strengthen the capital base and support budgeted growth." Barclays has an equity capital base of just under £3bn.

Last year Barclays made bad and doubtful debt provisions which were more than doubled at £318.3m

Mr Dolling said that as these provisions had been transferred into reserves, the Yankee bond issue would be useful for the bank's capital base. "Had we not suffered those bad debt provisions, the need for capital would have been less," he explained.

Mr Dolling stressed, however, that the provisions had been only one factor behind the $400m issue, which was part of the bank's continuing policy of replenishing its capital base from time to time.

Barclays last borrowed in the U.S. capital market in June 1981, when it issued $100m of 10-year notes bearing a 14⅝ per cent inter-

Continued on Page 12

UK banking myths, Page 11; International capital markets, Page 28

Brazil delays paying and blames banks

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL has delayed debt repayments totalling $152m due to a syndicate led by the California-based Wells Fargo Bank, apparently in retaliation for the U.S. regional banks' failure to meet their full commitments under the Brazilian rescue programme.

The arrears are in two repayments of syndicated bankers' acceptances due to have been made by Petrobras, the state oil company, earlier this months.

The two-week delay has occurred even though, after interest payments, oil payments are said by the Brazilian central bank to be the country's top priority, when deciding what debts it can afford to meet.

Sr Carlos Langoni, the central bank governor, acknowledged yesterday that the Petrobras arrears were part of the wider problem.

Petrobras had provided the central bank, as usual, with the cruziero equivalent of the foreign loan repayments, but this was not then converted into U.S. dollars for transfer to Wells Fargo.

Sr Ernane Galveas, the Finance Minister, says the oil company has already been able to raise fresh credit lines abroad. However, the damage which has been done to Petrobras' once high standing in the international money market could, in the long term, be considerable.

Western banks in Brazil have been told by the central bank that "those who co-operate with us will get paid first"

Bonn wants Ecu revaluation to break farm price deadlock

BY LARRY KLINGER IN BRUSSELS

WEST GERMANY was last night urgently seeking European Community agreement for changes in EEC monetary agreements that it hoped would break the deadlock over fixing new guaranteed price levels for Europe's 8m farmers.

Bonn, with the backing of the European Commission, wants a 1 per cent revaluation of the European currency unit, the Ecu, by adjusting for an 8 per cent increase in sterling's market rate since the European Monetary System (EMS) realignment at the end of last month. Britain does not participate in the EMS.

The revaluation of the Ecu would result in a comparable alteration in the EEC's parallel agri-monetary – or "green currency" – system and give West Germany the opportunity of obtaining a 1983-84 farm price rise which would be acceptable to its farmers.

Under current arrangements, if Bonn were to bow to French and Italian insistence on a substantial revaluation of the "green D-mark," the West Germans would receive only a 1 per cent boost for most products, a lower increase for cereals and no rise for its milk producers.

However, doubts over the move, especially in London, seemed last night almost certain to prevent any agreement on the plan ahead of the resumption today in Luxembourg of the EEC Farm Ministers' negotiations on new price levels.

Britain has opposed recent similar suggestions on two fronts. First, it is felt that dangerous precedents could be set by tampering with the EMS, even on a technical level, to obtain short-term political advantages.

Second, the move could increase the scope for weaker currency countries to obtain farm-price rises above those currently being proposed. It seems that, even if Britain were prepared to drop its first objection, it would insist on firm limitations being guaranteed in the second instance.

The entire strategem is regarded by some EMS "purists" as highly dubious. It is designed to rescue France from the consequences of its own insistence at last month's currency realignment that the D-Mark should be revalued by 5.5 per cent – considerebly more than the 2.5 per cent franc devaluation.

Opponents of the scheme in Brussels argue that it strikes a critical blow at the integrity of the EMS by effecting a realignment in the interests of agricultural economics.

A revaluation of the Ecu will mean a readjustment of the system's central rates

However, even if a breakthrough can be achieved in the monetary deadlock, several other obstacles remain to full agreement on price levels, not least Italy's demands for a substantial increase in its farm interest-rate subsidies.

The Commission, however, has no intention of changing its proposals for an average 4.2 per cent overall price rise, which, if adopted by the Council, would be among the lowest in the past 10 years.

Moreover, a high-level official said yesterday, the Commission would not alter its current compromise proposals "in any way" until it was "150 per cent certain" that the Council was on the verge of full agreement.

Commodities and Agriculture, Page 33

CONTENTS

Defence agreements 'distort trade'

By Bridget Bloom, Defence Correspondent in Brussels

AGREEMENTS between U.S. and European companies in the defence field are distorting trade, Mr Lawrence Brady, Assistant Secretary for Trade Administration in tho U.S. Department of Commerce told a business symposium in Brussels.

In a hard-bitting speech, Mr Brady gavo five reasons why tho Reagan Administration was not happy with tho series of industrial-military co-operation agreements with its European Nato allies.

The agreemonts cover a variety of co-production, co-development or licensing of military equipment under the umbrella of momorandums of understanding signed in the 1970s between the U.S. and all its major Nato allies including Britain, West Germany and Italy.

Mr Brady said some people in the U.S. Government and industry believod that the agreemont had led to a leakago of key technologies to tho Soviet bloc, to "export of jobs away from U.S. workers to those abroad" and to an equivalent "loss of skills."

Mr Brady also said some sectors of the U.S. Government and industry were concerned that tho transfer of technology to European countries resulted in increased foreign competition for U.S. industry.

The Administration was also concerned about the trade-distorting offects of co-production requirements.

Mr Brady was addressing a high-level symposium in Brussols organised by Defonce Marketing Services (DMS) involving more than 250 European and U.S. executives in defence industries as well as senior government officials.

The hard line adopted by Mr Brady — who is in charge of the administration of export control within the U.S. Department of Commorce and is also involved with the controversial amendments to the current Export Administration Act—contrasted with the stand taken by Pentagon officials who briefod the symposium on the key importance of industrial collaboration within the Alliance.

Talks begin on Austrian coalition

By W. L. Leutkens in Vienna

PARTY BARGAINING for tho formation of an Austrian coalition to succeed Dr Bruno Kreisky's All-Socialist government began in Vienna yesterday.

The first meeting was arranged between the Socialists, who lost their absolute majority in Sunday's parliamentary election, and the conservativo Peoples Party, which won four additional seats. The negotiating teams agreed to meet again, probably aftar the middle of next week.

A coalition between these two parties, consistently tha largest in tho land, is favoured by widespread popular sentiment and also by some powerful influences in the Socialist Party. But Dr Kreisky objects.

In nominating him as head of its nogotiating team tho Socialist loadorship sided with him, at least for a start. So bas Dr Fred Sinowatz, the man whom tho Socialists bave put forward to be the next Cbancellor.

Each of the three parties intends to negotiate with the others in turn, but a coalition between tho Socialists and tho small liberal Freedom Party looks the most probable. Dr Kreisky and tho leador of the Freedom Party, Dr Norbert Stogere, met yesterday to agree a timotablo for coalition negotiations.

Tho Socialists would have to pay a price not only in portfolos, but by modifying their interventionist economic policy and dropping several unpopular proposals to elose tax loopboles. These include tbe introduction of a withholding tax on interest payments; including interest on savlogs accounts.

Since Austrian law permits depositors to havo anonymous accounts, savings interest has proved a most popular method of tax evasion.

The Freedom Party has come oot against tho proposal of a withholding tax and against a proposal made by Dr Kreisky to tax Christmas bonuses and similar benefits.

The result of the election was announced yesterday after votes cast by absenteo voters had been counted. They did not change the figures announced on Sunday night. Tho distribution of seats therefore remains Socialist 90, Peoples Party 81, Freedom Party 12.

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Belgian call for closer links on steel

By Paul Cheeseright in Brussels

THE BELGIAN Government has started to push hard for greater collaboration between its own steel industry and those of the Netherlands and Luxembourg.

Greater commercial collaboration must be examined, Mr Mark Eyskens, the Minister for Econ mic Affairs, said in Brussels yesterday.

Essentially the links would be tightened between the Cockerill-Sambre group af Belgium, Arbed or Luxembourg and Hoogovens of the Netherlands.

The three countries last year accounted for 17.8m tonnes out of total EEC productioo of 111.4m tonnes. Links between them already exist. Arbed, for example, has 63 per cent of Sidmar, the second largest Belgian prodncer and Hoogovens has an association agreement with Valfil of Liege.

Technical studies on collaboration are being made. Mr Eyskens said, and he will have another meeting with Dutch and Luxembourg ministers before May 25. That is when EEC ministers will meet to discuss restructuring plans and production quotas.

Mr Eyskens had one round of talks with the ministers in Luxembourg on Monday. He described the Dutch attitude to the idea as cautious.

The Belgian Government sees greater collaboration across national frontiers as a desirable part of plans to restructure Cockerill Sambre.

How the loss-making group might gain from greater international collaboration is expected to be specified in a report commissioned from M Jean Gandois, the French experts who has already produced a restructuring plan for Arbed.

The Gandois report will be in government hands by mid-May and will form the basis of the Belgian plan for the future of the industry on which the European Commission has to rule by the end of June.

West German vehicle registrations up

By James Buchan in Bonn

NEW vehicle registrations in West Germany reached their second highest level last month, providing further evidence that the domestic economy is picking up.

The Federal Registrations Office in Flensburg announced yesterday that new motor registrations were up to nearly 388,000 last month, 11.5 per cent higher than a year ago, and only 20,000 short of the highest monthly total in March, 1979.

Total new registrations in the first quarter were up 6.1 per cent on the first quarter of 1982

Bonn treads carefully on private TV

By James Buchan in Bonn

THE NEW Centre-Right government in Bonn and Herr Christian Schwarz-Schilling, the Post Minister, are eager to speed up cable televisi n but West Germany will certainly not leap to the front in private televisi n.

Although Bonn intends to spend DM 1bn (£261m) this year on laying cable networks, more than double the figure under the former Social Democrat-Liberal Government the first pilot project is not due to start operation until next year.

Broadcasting policy in Germany is largely the province of the federal states who agreed in 1978 to follow up an expert commission's recommendation for pilot projects in Berlin, Dortmund, Munich and Ludwigshafen, Helmut Kohl's birthplace in the Palatinate.

However, the Schmidt Government, anxious about the involvement of private business in broadcasting, held up the Post Ministry's programme for laying the network.

Though the new government is interested in the boost cablo TV will give to industry (and the revolution on offer to banking and insuranco services), broadcasting remains a highly sensitive area.

The Ludwigshafen project, the most advanced, will offer cable connexions to 40,000 households at first.

Soares the stylist widens his repertoire

BY DIANA SMITH IN LISBON

DURING the Portuguese general election campaign of April 1975, Mario Soares stood chatting to bystanders in the main square of a small northern town. A British television crew following the Portuguese Socialist leader's tour of the rural North grumbled at the fading light: it was sunset, and darkness had begun to creep over the neat buildings of Santo Tirso.

At that moment, Sr Soares moved his face into the one remaining, golden beam of fading sunlight that shimmered across the square, treating onlookers and hardened TV professionals to the impressive sight of n wily politician instinctively finding the last ray of light that made his face not only stand out from, but dominate the shadowy crowd around him.

Sr Mario Soares once more in the limelight: "100 measures in 100 days"

Eight years later, Portugal's shaky economy has compelled Sr Soares, the consumate political stylist, to add content to his flair for the limelight, and risk his own and his moderate Socialist Party's image on a bid for victory in an election where matters of finance, national debt, future and present poverty took precedence over the nuances of corridor politics so dear to the hearts of Portuguese politicians.

Sr Soares used to be so impatient with economic affairs that he would fidget when journalists brought up the subject.

But that was in the days when the sheer weight of his courageous personality and his ferocious skills as a parliamentary debater who could filibuster the most loquacious opponent into stunned silence, miraculously kept his minority Socialist government in power for a year and a half before it succumbed in late 1977 to parliamentary defeat.

Nowadays, Sr Soares is a reformed character; he talks balance of payments deficits, monetary controls and risk investment with as much aplomb as a new graduate in economics.

Sr Soares has always been at his most resourceful when backed into n corner: he thrives on opposition and challenge.

Portugal's present financial crisis seems tailor-made to test his repertoire. In the five years that he has been away from national power, Sr Soares has worked on his international image, travelling far and wide as a leading member of the Socialist International.

And as Portugal's top Socialist, he went recently to the United States, where he was welcomed by President Ronald Reagan and senior officials as an honoured guest, eager to reassure the Americans – who want extensive use of Portuguese military bases in the future – that he is a firm friend of the U.S.

At 58, Mario Soares has greying hair. His famous jowls are heavier nowadays. But his mixture of easy charm and ruthless occupation of his physical and political surroundings are as energetic as ever.

Many people remember that one does not interrupt him or ask a question he is not inclined to answer: he sets the pace, judging by the programme of measures the Socialists have drawn up for their early days in office – the now famous "100 measures in 100 days" – it will be hectic.

Mitterrand supports austerity measures

BY DAVID HOUSEGO IN PARIS

The value of French membership of the EMS has been called into question by M Christian Goux, a prominent member of the Socialist party who has advocated tougher curbs on imports to reduce France's trade deficit, writes David Housego in Paris. M Goux also says in an article published in the Le Monde newspaper yesterday that France will be compelled to limit its imports if West Germany fails to reflate its economy. He describes restrictive policies in West Germany as being for Europe, and for France in particular, "the worst form of protectionism."

PRESIDENT Francois Mitterrand has for the first time thrown the full weight of the Presidency behind the austerity measures announced by tha French Government last month.

Tha move, made during a two-day tour of the industrial belt of the Nord and tha Pas do Calais, is intended to silence speculation that the package does not have the backing of tha whole cabinet. It comes shortly after outspoken criticism of the deflationary aspects of the plan from prominent members of the Socialist Party and the Communists.

Speaking at Lille as the guest of M Pierre Mauroy, the Prime Minister, who is also the town's mayor, the President said that he took full responsibility "for all tho actions carried out under his authority" and described the measures as paving the way for a national recovery. In associating himself so closely with tho policies formulated largely by M Jacques Delors, the Finance Minister, the risk that M Mitterrand takes is that he would be held to blame should they fail.

It is the first time that M Mitterrand has publicly commented on the austerity measures. By not going into dotails he left himself n large margin of manoeuvre should adjustments to policy be necessary to secure a more rapid reduction of the trade deficit. The government has already admitted that it will not meet its targets of reducing the trade deficit to FFr 45bn (£4bn) by the end of the year and bringing inflation down to 8 per cent.

M Mitterrand used his tour, which took in Calais, Dunquerque, Lille and Boulogne, to launch an appeal for effort and sacrifice in support of tho policies.

Swedes warn Moscow on submarines

By David Brown in Stockholm

SWEDEN summoned the Soviet ambassador in Stockholm to its Foreign Ministry yesterday to deliver a sharply worded diplomatic protest against "repeated penetrations" of its territorial waters by Soviot submarines.

The protest followed release of a 90-page report by a special commission looking into a three-week incident last October when Swedish forces reportedly trapped a submarine in a south-eastern bay of tho Stockholm archipelago. The report said three submarines had penetrated to within a mile of Musko naval base, and threo others were insido Swedish waters at the time.

Despite the use of depth charges and mines no submarine was forced to surface in the restricted military waters. The report concluded that tho submarines involved were Soviet, and the incident formed part of an "increasingly provocative" series of territorial incursions. This could only have been carried out with "prior knowledge" of the political leadership, the report said.

Mr Olof Palme, the Swedish Prime Minister, termed the intrusions "grave and deliberate violations."

Tho diplomatic note warned of unspecified consequences of further intrusions, and drew attention to a planned strengthening of Swedish coastal defence forces. Mr Palme reiterated an earlier warning that his chief of staff could order the sinking of an intruding vessel without warning.

EEC and Spain agree on Customs Union

BY JOHN WYLES IN BRUSSELS

SPAIN'S tortuous membership negotiations with the European Community crawled past a milestone yesterday with completion of an agreement on bow to slot Spain into the EEC Customs Union.

But the road ahead is a long ono for Madrid, despite four years of negotiations. According to Sr Fernando Moran, the Spanish Foreign Minister, yesterday's settlement means only that 15 per cent of the negotiating task has yet been completed.

The Customs Union now joins capital movements, transport, regional policy, economics and finance and rights of establishment on the list of technical dossiers requiring little or no further work.

In most cases, the agreements specify a timetable for Spain to apply EEC rules progressively after it joins the Community.

However, the date for Spanish and Portuguese accession to the EEC is still a conjecture. The beginning of 1985 is the earliest which is both practical and politically feasible, but many observers believe that enlargement of the EEC will, in fact, be a year later.

The delay is almost entirely the fault of tho 10 existing members which have put the negotiations into low gear whilo they attempt to reform their Mediterranean agricultural policies and settla a system for increasing the Community's bndget revenues.

Sr Moran protested yesterday at the Ten's failure to agree on Mediterranean farming despite an instruction to do so from last December's EEC summit at Copenhagen.

Yesterday, the Ten were set to answer Spain's plea for a five-year transition period before the elimination of general quota restrictions with a proposal for three years and only two years for quotas on tractors and colour television sets.

In the event, the EEC line was softened and agreement reached on a general four-year period for phasing out all quantitative restrictions on EEC-Spain trade, beginning with a 40 per cent rise in all quotas in tho first year of Spanish membership. Tractors and TV sets will be subject to a three-year period.

● Mr George Shultz, the U.S. Secretary of State, is to meet the West German, Danish and Greek Foreign Ministers in Paris on May 8 for talks on the future of tho East-West Conference on Security and Co-operation in Europe in Madrid.

Herr Hans-Dietrich Genscher, the West German Foreign Minister and President of the EEC Council of Ministers, is seeking the meeting on tho evo of the OECD ministerial conference in Paris to urge Mr Shultz not to abandon efforts to reach agreement at the Madrid talks.

Before the UK White Paper, FT writers look at the position in Europe

Dutch cable expansion dogged by political feud

BY WALTER ELLIS IN AMSTERDAM

A SURPRISINGLY vicious political feud between conservatives and liberals has broken out in the Netherlands over the futuro of its cable television system, one of the longest-established in Europe.

Mr Eelco Brinkman, tha Minister of Culture, and his conservative colleagues in the Christian Democrat Party, who make up a majority of tho Centre Right coalition, believe that the Dutch viewing public should be protected against unregulated intrusions by foreign television stations.

Some liberal members of the coalition believe, however, that it is impossible to stand against the forces of technology developing within the European television industry. The liborals and many others outside Parliament consider that Dutch broadcasting is bound to becomo less restricted and that preparations should be made for the inevitable widening of the scope of broadcasting.

Mr Brinkman is at present preparing a White Paper on the media, covering all aspects of the future of broadcasting and the Press. Central to his proposals, which have been widely leaked in thoir draft versions, is a conviction that the Dutch must remain trua to their aim of providing education, culture and social debate on television.

At present, there are two national channels, each of which provides programmes by a number of broadcasting companies. These two channels show a number of British and American programmes, such as Dallas and Not the Nine O'Clock News, with sub-titles. Most of Dutch television is serious, almost solemn, however, with discussion programmes and documentaries tho staple diet.

On cable television, which now covers some 65 per cent of homes in the country, viewers can watch—depending on where they live—Belgian, West German, French and British television, and it is clear that a large number of Dutch people tune in on a fairly regular basis.

Even so, it is reckoned that the Dutch stations still cater for around 75 per cent of the viewing population at any one time, so that cable has much more the status of a luxury or a way of improving picture quality.

Cablo is organised by the telecommunications Ministry through the independent authority Casema. Some cities such as Amsterdam, bave their own licensed companies but all are subject to Casema rules and all are prevented by statute from transmitting their own programmes. Casema is non profit-making and exists to intall and maintain the system.

The first Dutch TV cables were laid in 1969 on the old, co-axial system. All cities and towns are now cabled, and only rural viewers have to depend on the uncertain picture quality offered by aerial reception. In some cities aerials have been banned as an eyesore.

At least 70 per cent of homes in a district must want cablo before it is laid because of tho cost, but only a very few city centre and industrial areas remain unattached.

Tho average Dutch cablo permits about 12 stations to be broadcast into a customer's bome. One, a more up-to-date version, run by the Delta Cable Company in the South West province of Zeeland, can transmit 90 stations, and its cbairman is threatening to bring in programmes from Luxembourg via Belgium as a challenge to the restrictions imposed by the state.

Mr Brinkman hs talked about a possiblo third Dutch channel to relay a selection of other European broadcasts transmitted by the soon-to-be-launched European communications satellite. Ha has made it clear, however, that no foreign advertising can be beamed in and has imposed other restrictions. His conservative views are being actively opposed by the more popular-orientated existing television companies, which want to see channels proliferating in a less-regulated environment.

Most viewers are also thought to be keen for expansion of the cablo system and its linkage to satellites.

So far it is impossible to know whether the conservatives or the liberals will triumph. Mr Brinkman may make some concessions to the deregulation lobby, but it is thought unlikely be will open the way to free broadcasting without a great deal more debate

France prepares to take the plunge

BY DAVID MARSH IN PARIS

FRANCE has finally decidod to take the plunge over cablo television, after years of shilly-shallying, not least over the vexed question of political control of programmes.

Only about 500,000 homes, 2 per cent of tho population, are reckoned ot the moment to be fully wired up for cable TV. Concentrated in around a dozen towns mainly near the eastern border and in the Paris area, existing systems are geared largely to relaying the present three French cbannels plus available foreign stations.

Within the next few years, according to an ambitious plan laid down by tho Socialist Government last November, the network is expected to grow dramatically both in size and scope. Initial plans for the next three years, costing an overall FFr 12bn (about £1bn), provido for tha ordering of cables by 1985 to cover a further 1.4m households, to be installed by 1987. Tha Government has proclaimed as a target the cabling of 6m bomes and enterprises by 1992.

France hopes to catch up with other countries by putting its money on high capacity optical fibres. Their progressive introduction will enable future cable systems to offer not only TV and radio but also a wbole gamnt of more advanced video information and entertainment services, like visiophones, videotext and wired films.

Such systems are already being pioneered in Biarritz,

Helsinki looks ahead to satellites

By Lance Keyworth in Helsinki

SOME 100,000 homes are linked to cable TV in Finland. Of these, about 80,000 are in the capital, Helsinki. Total investment is around Fmk 50m

Most of the cablo TV companies are privately owned, by newspapers or telephone companies, with a few in the more sparsely populated North and East owned by tha Government.

In most of the provincial towns, almost all bouseholds are connected. In Helsinki, which bas the oldest system, and which was the first town in Europe to have pay TV, perhaps 40,000 homes have not been linked up. Of its 80,000 basic subscribers, around 18,000 (about £6.2m)

Belgian policy debate likely to be protracted

BY LARRY KLINGER IN BRUSSELS

"We are the most cable-ised country in the world," said a Belgian television researcbor yesterday, "but that does not mean that we havo any defined policy for the future."

Indeed, despito tho fact that nearly 85 per cent of Belgium's 3m households with television receivers subscribe to cable-TV and that new equipmont is currently being installed to boost transmission capacity, tho debate on future operations remains wide open.

There is no clear Government view on what future cablo operations could be allowed witbout coming into direct conflict witb Belgium's state public telecommunications monopoly, and whilo several ideas are being floated by the country's myriad cable companies, no concrete plans have been formally launched.

Belgium began cablo services in 1960, with Parliament laying down comprehensive and as yet basically unchanged legislation in 1966 limiting operations to the transmission of programmes that could be received by ordinary antenna. The law also prevents distribution of satellite transmissions not already available on Europe's national networks.

During the past 20 years, the number of cable companies—which can be publicly owned by local authorities or by private enterprise or by a mixture of both — bas grown to more than 40, operating around 150 local or regional networks.

BIS drafts revised banking concordat

By Walter Ellis in Amsterdam

A CLEAR division of the responsibilities of central banks ni relation to solvency and liquidity is to be set out in a revised Baslo Concordat on banking supervision being drafted by the Bank for International Settlements (BIS). Tho document is expected to be published later this year.

Mr H. J. Muller, a senior director of the Nederlandsche Bank, the Dutch central bank, who has been involved in the preparation, said that where a question of solvency arose affecting a banking subsidiary, supervision would be the responsibility of the central bank of the parent bank.

Where it was a question of liquidity, the central bank of the host country would take charge. In both cases, however, it was purely supervisory control that was involved. "It is not a matter of giving liquidity guarantees, nor n question of lender of last resort."

The distinction has been drawn, it is understood, because while liquidity involves cash and easily realisable assets, solvency brings in the whole range of a bank's assets—something which, in the long run, can only be sorted out inthe country of the parent bank.

The Dutch central bank has sought to exercise its supervisory responsibilities on this basis for some time and is pleased that the new concordat also favours treating the supervision sisue on the basis of consolidating subsidiaries into a group.

Mr Jelle Zijlstra, former president of the bank, had preached the doctrino of consolidation for years as head of the BIS, and his successor, Mr Willem Duisenberg, is similarly convinced.

The original Basle Concordat dates from 1975. It has had to be revised principally because of tho implications for central banks of last year's controversy involving a Luxembour subsidiary of the Milan-based Banco Ambrosiano, which has allowed to default on loans made to it by several international banks.

Support for Papandreou on U.S. bases

By Victor Walker in Athens

ANDREAS PAPANDREOU, the Greek Socialist Premier, was assured yesterday of some opposition support in his dispute with Washington over U.S. military bases in his country, but also faced demands for a parliamentary debate.

The military bases question assumed crisis proportions with an unscheduled television broadcast on Monday in which Dr Papandreou served what was virtually an ultimatum on the White House.

Unless Mr Reginald Bartholomew, the U.S. State Department negotiator, returned to Athens in mid-May with satisfactory answers on two basic points, continuation of the negotiations would have "no meaning," the Premier said.

These were acceptance of the timetable of definita dates on which tho bases would close, and a contractual commitment by the U.S. ensuring a continued balance of military power in the Aegean between Greece and Turkey.

Dr Papandreou said the two demands were included in a written statement handed to Mr Bartholomew at Monday's final session of tha talks, before the Greek Orthodox Easter.

At the same time, it was announced in Washington that Mr Richard Burt, U.S. Assistant Secretary of State for European Affairs, had called off his visit to Athens, which he was duo to arrive in from Ankara.

The move followed cancellation by the Greek Government of his planned meeting with Dr Papandreou and other government officials, in protest against reported statement by Mr Burt to Turkish leaders expressing opposition to maintenance of the seven-to-ten ratio, observed so far in the granting of U.S. military aid to Greece and Turkey respectively.

Mr Evangelos Averoff, the opposition leader and chairman of the conservative New Democracy Party indicated after tho Premier's broadcast that his party shered the government's view on the aid ratio, but questioned what had happened to make Washington unwilling to continue the standing arrangement.

Rumasa court summons

THE FORMER chairman of the Rumasa Holding, Sr Jose Maria Ruiz-Mateos, who is in London, is to be summoned to appear in court in Spain in connection with charges of fraud following the expropriation of his financial empire by the state last February, writes Tom Burns in Madrid.

Court officials yesterday indicated the court appearance would be within days. Also summoned are several former executives of the Rumasa empire, in what will be the first questioning of witnesses involved in the Rumasa affair.

OVERSEAS NEWS

Shultz to start talks in Jerusalem after long Cairo session

BY CHARLES RICHARDS IN CAIRO AND DAVID LENNON IN TEL AVIV

MR GEORGE SHULTZ, the U.S. Secretary of State, arrives in Jerusalem today from Cairo, where he had talks with Egyptian leaders at the start of his Middle East tour, his first since taking office.

Mr Shultz said the main message he received from his talks with President Hosni Mubarak was the urgent need to arrive at a solution to the problem of Lebanon and the importance of removing all foreign forces from Lebanon.

Mr Mubarak said they had long discussions on bilateral relations "which we consider very good" as well as Middle East issues. "We hope Mr Shultz's trip will achieve something beneficial to the whole region," he said.

The talks, scheduled to last just over an hour, went on for four, prompting speculation about major disagreements. Mr Mubarak is likely to have expressed displeasure at a congressional sub-committee's recommendation that Egypt's allocations of $250m a year in concessional wheat sales be cut.

Mr Mubarak is also likely to have expressed his disappointment with apparent U.S. thinking that the PLO no longer has a role to play. Mr Mubarak once again said he thought the Reagan plan was a golden opportunity for a comprehensive settlement. "That's why we call on the Palestinians to declare linkage with Jordan to help President Reagan who is actively pursuing his initiative," he said.

Mr Shultz said that in his view, few people even in the Middle East, fully appreciated how much progress Israel and Lebanon had already made with the help of U.S. negotiator Mr Morris Draper to achieve a solution in Lebanon. But many Arab states, including Egypt, feel that the United States could do far more to use its influence with Israel to secure such a withdrawal.

In Jerusalem yesterday, officials said that Israel intends to co-operate fully with the Secretary of State in his efforts to advance the negotiations with Lebanon. At the same time, they said no U.S. pressure was expected for Israeli concessions.

However, in private, Israeli officials are less certain about the likely course of developments during the Shultz visit. They are apprehensive about U.S. pressure for more flexibility and are also disturbed by the apparent hardening of the Lebanese position in the past few days. The American diplomats will meet Mr Menahem Begin, the Prime Minister, at least twice as well as the Israeli Foreign and Defence Ministers and other officials.

Israeli and Lebanese officials have drawn up a checklist of the points of agreement and disagreement between the two sides over Israel's terms for the withdrawal of its forces which invaded Lebanon last June.

According to the officials in Jerusalem, agreement in principle has been reached over the integration of the forces of Major Sa'ad Haddad into the Lebanese army units in the south and also of joint patrols in Southern Lebanon of Israeli and Lebanese forces.

Israel protests over Pym

MR PATRICK MOBERLY, the British Ambassador in Tel Aviv, was called into the Foreign Ministry in Jerusalem yesterday to hear an Israeli protest over recent British diplomatic steps in the Middle East, David Lennon reports from Tel Aviv.

A recent statement by Mr Francis Pym, the Foreign Secretary "directly or indirectly implied Israel's responsibility for the stalemate in the peace efforts in the Middle East," Mr Yohanan Meroz, head of the European Desk at the Foreign Ministry, complained.

The official said that Israel totally rejects these accusations and sees them as an encouragement to the rejectionist camp

Mr Moberly replied that in his view Mr Pym's speech was a sober and balanced account of how the situation in the Middle East looked from London. He also pointed out that it contained some home truths for both sides.

Michael Holman, recently in Dar es Salaam, finds that President Nyerere's socialism is under strong attack

Tanzania and the bumblebee: differences grow wider

"TANZANIA," said the depressed aid official, "is the economic equivalent of the aerodynamics of the bumblebee. In theory, the bumblebee shouldn't be able to fly, and Tanzania shouldn't be able to keep going."

In fact, the strain of the country's crippling economic crisis, partly self-created, partly the result of external factors, is increasingly apparent. A single issue of the Daily News newspaper last week carried some of the evidence: travellers stranded in the northern town of Mbeya because buses are without tyres; production at the Mtibwa sugar factory in Morogoro adversely affected by poor roads, which hold up supplies; the tobacco crop at Iringa in danger of rotting because no gunney sacks have been received for packing.

Every day the paper also carries the latest account of the countrywide campaign against hoarders, black marketeers and illegal currency dealers. More than 1,000 have been arrested since President Julius Nyerere announced a crackdown in March, but most observers believe the campaign is dealing with the symptoms and not the disease.

It has brought a few more goods onto the sparsely stocked shelves, but the impact is likely to be short-lived. The country's industrial sector is running at only between 15 and 30 per cent of capacity and cannot meet demand. Industry is plagued by a shortage of spare parts and raw materials, caused by the dearth of foreign exchange which has followed a decade of declining agricultural exports, aggravated by a rising fuel bill, and the impact of the international recession.

For more important than the anti-hoarding campaign is an intense, though often behind-the-scenes debate about how Tanzania can reverse the agricultural decline and emerge from its most severe economic crisis since independence, while keeping its socialist principles intact.

The Government has produced a structural adjustment programme published in mid-1982, and a White Paper on agricultural reform this month. A recent unpublished World Bank report on the sector amounts, however, to an indictment of President Nyerere's record.

The adjustment programme and the White Paper acknowledge many of the problems but suggest modest reforms which leave the socialist structure intact—far short, it would seem, of the Bank's expectations.

At the same time, Tanzania has resumed its often acrimonious negotiations with the International Monetary Fund (IMF) for at least $250m over three years, part of an attempt to raise $350m to $400m emergency aid annually for at least three, and preferably five, years.

The World Bank, the country's largest single donor, is unlikely to respond without an IMF agreement, but that seems as far away as ever, with the Fund's demand for a massive devaluation proving a major stumbling block. Tanzania's plans to reschedule its external debt of more than $2bn also hinge on the outcome of the IMF negotiations.

The urgency of the need for agreement has been underlined by growing signs of domestic discontent. The abortive coup plot early in the year, involving middle-ranking officers, an official at State House, and a number of civilians was the clearest indication to date.

Most observers agree there was no major conspiracy, and only 29 people are facing charges. "It posed no real threat," said one diplomat, "but it has made people talk about what had hitherto been unthinkable."

The speculation is fuelled by an economic crisis, which, in Mr Nyerere's own words, has left most of Tanzania's 18m people worse off today than they were a decade ago. Foreign exchange reserves are effectively exhausted and trade arrears of over $250m stretch back some three years. The crisis has come about despite aid which has increased from $121m in 1973 to $440m in 1979-80, over 70 per cent in the form of grants, amounting to $25 per head of population.

Much of the money went into social services which cannot now be maintained. One estimate suggests that, although 20 to 30 per cent of the country's 8,300 registered villages have access to clean water, less than half those water systems work because of lack of fuel, parts and repair facilities.

Basic drugs and antibiotics are not available in regional or district centres, let alone rural outposts. The road system is deteriorating because of inadequate funds. For example, nearly 300 miles of new feeder roads in Geita and Mara regions have already become impassable because of lack of maintenance, one donor report says.

It is a characteristic of Mr Nyerere that his own appraisal of his country's performance since independence in 1961, delivered in a witty, often self-deprecating style that disarms critics, is tough. Yet he retains an iron determination to pursue his socialist policies and, although he is prepared to modify some of the institutions, his commitment remains unchanged. Criticism beyond the limits he has established is not welcome.

The World Bank report on agriculture—the sector which provides 90 per cent of the population with a livelihood, and contributes 80 per cent of export earnings—is a case in point. It argues that the deterioration in the sector is so serious that "a few minor measures are unlikely to make a significant difference."

The volume of export crops (cashew nuts, coffee, tea, sisal, cotton and pyrethrum are the six most important), declined over 40 per cent since 1971-72, losing the country some $900m in potential earnings to the end of the decade, it says. Although bad weather and low world prices have played their part, the report lists a series of other factors over which the Government has control and responsibility.

The state-owned bodies which dominate the sector, including the marketing and purchasing of crops, come in for harsh criticism. "Both the quality and efficiency of service have now become the major bottleneck to maintaining or increasing agricultural production," it says.

The report also attacks the compulsory regrouping of peasants into villages in the mid-1970s. "It has worsened, rather than improved, the conditions of many of the country's farmers," says the report.

Whether Government reforms will put matters right is debatable. The marketing and input system has been modified, private farms encouraged, the foreign exchange allocation streamlined, and 33-year leaseholds introduced, among other measures. But the heavy—and hitherto unsuccessful—hand of Government remains firmly in place.

President Nyerere . . . only self-criticism allowed.

In the past, President Nyerere, like the bumblebee, has managed the seemingly impossible — stretching Tanzania's resources to the limit, putting his country's case for more and more aid, and maintaining his search for an egalitarian society. Now he faces a severe test, for his policies are coming under increasingly sceptical scrutiny from both Left-wing and Conservative stances. However fine in principle, the conclusion is that in practice, Mr Nyerere's socialist model does not work.

Prem decides to quit politics

BY RICHARD COWPER IN BANGKOK

GENERAL PREM TINSULANONDA, Thailand's Prime Minister, threw the country's political establishment into confusion yesterday when he announced that he was quitting politics and would not be prepared to serve another term in office.

His prospective withdrawal from public life seems likely to lead to a period of uncertainty and divisiveness following the indecisive outcome of last week's general election.

The 62-year-old former army commander, who came to power in early 1980, was widely regarded as the only candidate acceptable both to the military establishment and to civilian politicians.

Gen Arthit Kamlang-Ek, the powerful commander of the army, together with the heads of the country's three leading political parties—the Social Action Party, the Chart Thai Party and the Democrat Party—all declared themselves in favour of Gen Prem as the next Prime Minister.

Gen Prem's announcement came as it looked increasingly likely that a potentially weak and unstable right-wing coalition backed by the army and led by Chart Thai would form Thailand's next government.

Many believe such a coalition would be incapable of preventing the army from undermining or overturning constitutional measures which came into effect last week. These effectively returned the country to full democracy and deprived the army of its former stranglehold on political power.

Gen Prem refused to give any reasons for his decision, but last week he indicated he was not prepared to lead a government which did not include the Social Action Party of former Premier Mr Kukrit Pramoj, which fought hard to defeat the army's attempt to amend the constitution in its favour.

The party went on to win the most seats in the election, but not a simple majority.

Mr Kukrit has since made it clear that his party was not prepared to play second fiddle in a right-wing coalition, nor would it go along with any party pledged to amend the Constitution.

Some Thai analysts believe Gen Prem's announcement may be a move to throw his weight behind the Centrist parties in the wrangling over a new government.

May budget for Australia

By Michael Thompson-Noel in Sydney

AUSTRALIA'S Labor Government is to introduce a mini-budget next month incorporating a boost for housing and other specific job creation measures in line with its general election campaign promises.

Mr Bob Hawke, the Prime Minister, said in Adelaide yesterday that measures to be announced in May would "have the effect of moving the economy forward more rapidly" and producing a "significant reduction in inflation."

He also said he had written to Australia's 200 biggest companies, urging them to hold down dividend and other non-wage increases, in line with the current national wages pause.

IMF adopts tough line over Sri Lanka loan bid

BY ALAIN CASS, ASIA EDITOR

SRI LANKA is facing unexpected resistance from the IMF over its request for a $200m standby credit to bridge a severe balance of payments gap.

Senior Sri Lankan officials, disappointed at the Fund's lack of response to recent austerity measures, are to have talks in Washington this week in a bid to conclude a deal swiftly.

The Fund is understood to want a devaluation of the rupee, which now stands at 23 to the U.S. dollar. It is also worried at the recent rate of increase in wage levels, and wants to see more pruning of public expenditure.

Agreement to the standby facility is seen as crucial by Sri Lanka. In effect it puts a stamp of approval on the country's economic policies and paves the way for further loans from the World Bank, other multilateral institutions as well as private banks.

Mr Ronnie de Mel, the country's Finance Minister, who will lead the talks in Washington, outlined further cuts in his April budget speech including reduced subsidies, a freeze on all new projects and tighter monetary and fiscal policies.

Sri Lanka faces a payments deficit of $1.5bn this year. There is concern that if the Fund demands further restrictive measures, Sri Lanka may have to reverse some of the liberalisation measures introduced in 1977.

AMERICAN NEWS

Volcker backs 'non-bank' merger plan

By William Hall in New York

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve yesterday urged Congress to impose a temporary ban on mergers between "non-banks" and other deposit-taking and financial services institutions.

A "non-bank" is one that has divested itself of commercial lending functions and no longer considers itself a bank under the bank holding company Act.

There has been increasing concern in Washington in recent months at the speed with which "non-banks" have been moving into the financial services industry, often taking over commercial banks and savings banks.

For example, earlier this month Prudential Insurance, one of America's biggest insurance corporations and a "non-bank" bought a small Atlanta bank.

Mr Donald Regan, Treasury Secretary, has said U.S. regulators will deny all new applications from companies outside the banking industry to establish or buy so called "non-banks".

In testimony to the Senate Banking Committee yesterday, Mr Volcker said he welcomed the recent moratorium announced by the Comptroller of the Currency on the chartering of so called "non-banks". He believed this was necessary to give Congress time to consider the underlying issues raised by these acquisitions.

Bid to correct satellite orbit

By William Hall in New York

THE U.S. National Aeronautics and Space Administration (Nasa) hopes to begin moving the world's biggest and most expensive communications satellite into its correct orbit early next week.

The $100m tracking and data relay satellite which was launched on space shuttle Challenger's first mission three weeks ago, is marooned in space several thousand miles from its correct orbit after a *special rocket misfired*.

Hugh O'Shaughnessy in San Salvador reports on prospects for an end to the killing

Salvadoreans hold breath and hope for peace

THERE CAN be no doubt that Mgr Arturo Rivera y Damas, Archbishop of San Salvador, voicing the opinion of the majority of the 5m Salvadoreans on Sunday when be called for an end to violence in the country.

His appeal came as Salvadoreans sensed that their future was about to be decided—whether the few faint hopes of peace would grow into something stronger or whether U.S. determination to stamp out Left-wing anti-government forces would bring about a continuation of the killing.

Despite widespread belief to the contrary, the door to a negotiated peace between the U.S.-supported Government of President Alvaro Magana and the five guerrilla organisations which make up the insurgent FMLN (Farabundo Marti Front for National Liberation) is not closed. The offer of unconditional negotiations made by the guerrillas and the FDR (Revolutionary Democratic Front), their civilian political arm, on October 5 still stands.

It was denounced and rejected at the time by the extreme Right Arena Party and its leader, Major Roberto d'Aubuisson and by the Alianza Productiva, a grouping of the most important Salvadorean businessmen and landowners.

President Magana and the then Minister of Defence, General Guillermo Garcia and more moderate politicians in the constitutional assembly refused to condemn it, however and many politicians, the Catholic church and parts of the deeply-divided armed forces do want a negotiated end to the fighting. So it seems, do many senior U.S. State Department officials; the U.S. embassy here has made no secret of its dislike of Maj d'Aubuisson and his allies.

Government soldiers patrol the Pan American highway across the country after bridges were bombed by the guerrillas.

Hardliners, including Major d'Aubuisson, have however been taking strength from the speeches and actions of some of President Ronald Reagan's most conservative advisers. They hope that an increased war effort backed by U.S. money and weapons will turn the military tide which today is running in favour of the insurgents.

The extreme Right has been encouraged by *Mr Reagan's call* for an extra $60m in military aid to the Magana Government and are this week organising a letter campaign on the eve of Mr Reagan's address to the joint session of Congress.

In such a highly fluid political situation, the interplay of personalities has bad repercussions of enormous importance. After a long struggle with Maj d'Aubuisson and his allies and two mutinies by senior officers *this year, Gen Garcia, President Magana's* principal military ally, was last week forced out of office.

Gen Garcia was a less-than-successful commander, but a man of some political subtlety who accepted Washington's view that there could be no victory against the guerrillas which *did not have some political* basis. His replacement by Gen Carlos Eugenio Vides Casanova may give new life to Maj d'Aubuisson's extremist ideas and diminish the prospects for a negotiated settlement.

On the insurgents' side, the mysterious deaths in Managua, capital of neighbouring Nicaragua, of the two top leaders of the FPL guerrilla group, the strongest component in the *FMLN front*, have added new uncertainty. At the beginning of the month Commandante Anna Maria, the second-in-command of FPL, was *murdered* in a particularly brutal fashion at her organisation's headquarters.

A few days later, according to statements last week by the *FPL* and the Nicaraguan Interior Ministry, the FPL commander-in-chief, Sr Salvador Cayetano Carpio, took his own life when he realised that Ana Maria had been killed by senior FPL commanders who had fallen out with her over ideology.

Whatever the truth, it is clear that the internal policies of the FPL are in chaos. Reports suggest that the FPL leadership is bitterly divided over the question of negotiations to halt the war.

In the absence of talks the fighting, death and destruction continues; about 15 guerrilla operations are reported in El Salvador every day. Mgr Rivera said on Sunday that his legal aid office has listed 156 violent deaths in one week this month.

The death toll in the past three years comes to more than 40,000, most of whom, according to Mr Deane Hinton, the U.S. Ambassador, are the victims of assassination rather than fighting. Most assassinations, according to the church's legal aid office, have been caused by Government forces or death squads.

Despite cosmetic measures taken by the Government, such as the establishment of a human rights commission, most assassinations are never *investigated and those responsible* are only very rarely identified or punished.

The guerrillas have recently pushed the battle into the *economic arena*, causing more economic destruction last month than in any other month in the past. Factories, farms and electricity plants have been blown up at a dizzy rate.

Gross National Product, after contractions of 1.5 per cent in 1979, 20 per cent in 1980 and 20 per cent in 1981 fell by 15 per cent last year, according to the Chamber of Commerce

Sandinistas 'facing new attacks from South and North'

BY TIM COONE IN MANAGUA

A NEW FRONT in the guerrilla war against the left-wing Sandinista Government in Nicaragua *is to be* opened shortly, according to the head of the governing junta Commander Daniel Ortega.

He claimed late on Monday evening there was conclusive evidence that between 500 and 700 men were being prepared to launch new attacks across the southern frontier from Costa Rica.

Commander Ortega also said that a further 3,500 counter-revolutionaries were regrouping in Honduras and preparing to launch a new offensive into Nicaragua in the coming days – 2,500 into the northern department of Nuevo Segovia, and 1,000 into the Atlantic coast province of Zelaya Norte.

Sr Eden Pastora, the former Deputy Defence Minister who broke openly with the Sandinista leadership last year and subsequently based himself in Costa Rica, has been threatening to lead an insurrection for several months.

In the past few days he has been *calling* on members of the *Nicaraguan* armed forces and militias, over his clandestine radio station "the voice of Sandino," to rebel against the *Government* on May 1.

Another *anti-Government* guerrilla organisation, the UDN-FARN, recently told the Financial Times that it had been *infiltrating its* troops into Nicaragua from Costa Rica for the past eight months.

Although there had been considerable speculation over the possibility *of guerrillas opening* a second front from the South, no operations had been reported and Commander Ortega's *statement* took pains to avoid conflict with the Costa Rican Government.

"We know that the situation (in Costa Rica) has been encouraged and backed by the American Administration without the knowledge of the Costa Rican Government and without the consent of President Luis Alberto Monge," he said.

He added that there had been 11 air space *violations of his* country by U.S. spy planes in the past month.

The Nicaraguan leader has claimed that intelligence information from these flights has been passed directly to the right-wing guerrillas.

He added that in recent weeks there has been a rapid increase of military transport flights to Honduras from U.S. bases in Panama, and warned of the "dangerous escalation of the military situation in the region."

● Spain has approved three new credit lines to Nicaragua, worth a total of $46m. The credits will be used to buy machinery, spare parts and other products and will attract an interest rate of 10 per cent.

Spain has recently delivered two Casa *Aviocar STOL transport* aircraft to Nicaragua, valued at $5m to improve its domestic air services.

Feldstein urges curbs on budget deficits

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE RECOVERY of the U.S. economy would be "lopsided" unless early action was taken to curb the federal budget deficits for 1984 and 1985, Dr Martin Feldstein, chairman of the President's Council of Economic Advisers, said in London yesterday.

Dr Feldstein, who was on his way to deliver a lecture in Paris, said the prospect was that interest rates and the dollar exchange rate would remain too *high, until the prospective* deficits were curbed, high interest rates would distort the pattern of recovery now taking place.

The *main emphasis of recovery* so far in the U.S. was the increase in consumer spending, but it had not extended to goods which were sensitive to interest rates, including investment in plant and equipment.

Dr Feldstein said he hoped that Congress would agree to the Administration's proposals for *reducing the expected budget deficits in* 1984 and 1985 by a balance of increased taxation and reduced spending. There was a risk, however, that Congress would postpone the tough decisions for 1985 until after the presidential election.

However, if no action were taken, the budget deficit would remain at about 6 per cent of total output as far as could be foreseen – that is, up to 1988.

Dr Feldstein said he was not sympathetic with *those who have been* arguing for increased government intervention in the foreign exchange markets to stabilise exchange rates.

The fundamental reason for the strength of the dollar was that the prospect of high budget deficits was pushing up U.S. real interest rates.

He said the U.S. had not changed its basic position that intervention in the exchange markets should be reserved to curb disorderly fluctuations rather than being used to try to influence a trend.

U.S. under fire from Salvador Right

BY HUGH O'SHAUGHNESSY IN SAN SALVADOR

U.S. *ATTEMPTS* to control events in El Salvador are coming under increasing fire from right-wing nationalists whose influence here is growing. On the eve of President Ronald Reagan's address to a joint session of Congress in Washington on Central American policy, the conservative San Salvador daily La Prensa Grafica yesterday carried a long editorial praising the constituent assembly for its recent declaration that foreign interference was intolerable.

The newspaper commented: "There is no argument which justifies any aid – *economic*, military or technological – being turned into an instrument of penetration to annul or change the nature of the concept of self-determination."

The newspaper last week had criticised the Government of President Alvaro Magana for tolerating disrespect from visiting U.S. Congressmen.

Right-wing nationalist sentiment has also been manifested in the formation of a group calling itself MS 28 Marzo (the March 28 Salvation *Movement*), which has reproved the right-wing extremist Major Roberto d'Aubuisson speaker of the constituent assembly, for his supposed weakness in defending Salvadorean nationalist opinion. Hitherto, Major d'Aubuisson has been regarded as having views as far to the right as it was possible to have them.

The new right-wing ultra-nationalism is supported by many senior business figures and by exiles in Miami. The movement is reminiscent of attitudes struck by successive military dictatorships in Guatemala which rejected President Jimmy Carter's pleas to respect human rights

WORLD TRADE NEWS

Three-way contest for $3bn Spanish air force order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE to provide up to $3bn of new advanced combat aircraft for the Spanish air force is now nearing its climax.

The contenders for the deal include the European Panavia Tornado multi-role combat aircraft, the U.S. McDonnell Douglas F-18A Hornet, and a more recent contestant, the U.S. General Dynamics F-16 — the latter being proposed as a "mixed fleet" along with the Tornado.

The Spanish air force wants up to about 84 aircraft. A letter of intent to buy that number of McDonnell Douglas Hornets was initialled last December, with a down payment of $8.9m, but the new Spanish Government under Prime Minister Felipe *Gonzalez sought* a delay *while* an all-European solution was considered.

As a result, a major effort has been mounted by Panavia, the European group building the Tornado for the UK, West German and Italian air forces. But in the recent past, General Dynamics has entered the battle *with its suggestions* for a mixed fleet of US F-16 jets and Tornado aircraft.

A final decision by the Spanish Defence Ministry is expected to be announced in early May, with the formal contracts being signed at the end of the month.

Although most officials believe that McDonnell Douglas is the most favoured candidate, no one is giving up the fight, and last-minute lobbying is in full spate in Madrid.

It is suggested in aviation quarters that one reason why McDonnell Douglas F-18A Hornet is the preferred choice is because the offsets offered by that company are extremely generous. Panavia is understood to have fallen well behind in this aspect of the deal.

In its proposal for a mix of F-16s and Tornado aircraft, General Dynamics is offering extensive European co-operation in aircraft production (Belgium, the Netherlands, Denmark, Norway and Spain on F-16s, as well as the UK, West Germany and Italy on the Tornado) together with extensive work in Spain.

So far as the UK is concerned, any export order for the Tornado would be good news, extending the existing life of the Tornado production line, and preserving jobs at Warton, in Lancashire, where the UK end of the Tornado production line is based.

The General Dynamics proposal is that for the same money as would be involved in buying 84 F-18s, the Spanish air force could get 99 aircraft—a mix of 65 General Dynamics F-16s and 34 Tornados, both providing extensive compatibility with existing F-16s and Tornado fighters in European air forces.

U.S. coal leader attacks W. Europe-Soviet gas plan

BY GERRARD MCCLOSKEY IN PARIS

EUROPE'S energy planners were bluntly urged yesterday by the U.S. coal industry to forget plans for a second Siberian gas pipeline and opt instead for *politically-secure* supplies of U.S. coal.

In a tub-thumping attack on European plans to step up supplies of Soviet gas, Mr Carl E. Baggy, president of the U.S. National Coal Association, told an international coal conference in Paris, that Europeans would be paying $5.70 per million Btu for Soviet gas compared to American coal available at about $3 per million Btu.

"This means West Europeans will have lent the Russians billions of dollars at the low market interest rates for the privilege of using gas energy at costs 90 per cent higher than coal energy," he told correspondents earlier. "We do not think any Gulag gas should be added. Europe should be looking to its traditional areas.

Mr Baggy's impressive sales talk comes at a time when America's 3,000 coal producers are having to face a reportedly shrinking coal export market after three years of record shipments.

Mr Peter Rees: the host to the meeting.

Britain to host pre-Unctad meeting

By Frank Gray

SENIOR officials from more than 25 governments and international trade bodies will meet this weekend at Leeds Castle, Kent, to familiarise themselves with issues to be discussed at the quadriennial Unctad VI conference, being held in June *in Belgrade*.

The gathering is not being organised to formulate any conclusions or policies on the world trading system, the British Trade Department said yesterday. Rather it is hoped that the informality of the meeting will help pave the way to a more successful *discussion of major trade* issues and a smoother understanding of these issues by officials meeting in Belgrade.

The meeting, which will *start on Saturday and end on* Monday, is being hosted by Mr Peter Rees, the Trade Minister.

Among participants are Mr Gamani Corea, the head of the Geneva-based Unctad; Mr Shridath Ramphal, the Commonwealth Secretary General; and Mr David Finch, a director of the International Monetary Fund.

Because the North-South dialogue, and a recommendation by Unctad to channel $90bn in aid to the Third World in order to turn their economies round in 1984-85, the Leeds Castle gathering will also bring together trade ministers from a cross-section of rich and developing countries.

Bernard Simon in Johannesburg reports on a different kind of trade dispute

Fierce debate about traffic in wildlife

TOUGH - MINDED business lobbyists and equally determined environmentalists have spent the last 11 days glaring at each other across the swimming pool of the Holiday Inn in Gaborone, Botswana.

When they have exchanged words it has been to argue about the rights and wrongs of the growing international trade in wild animals, reptiles, birds and plants, the subject of the biennial meeting of 81 signatories to the 1975 Convention on International Trade in Endangered Species (Cites). The conference ends this weekend.

No accurate estimate is available of traffic in wild fauna and flora, but Cites claims it exceeds the value of the illicit narcotics trade.

Legal shipments in and out of the U.S., by far the biggest market for furs, skins, horns and exotic plants (and also a sizeable exporter), are estimated to be worth $100m a year. Some 25,000 consignments of wildlife products pass through New York each year.

Cites aims to regulate this trade in an effort to curb traffic in species threatened with extinction. Its members agree, in an appendix to the Convention, to ban imports and exports for non-scientific purposes of about 600 endangered forms of wildlife, including apes, tigers, many leopards, rhinos, crocodiles, many birds of prey and orchids.

A second appendix lists 2,600 species which will be endangered if trade becomes excessive. These items—among them whales, African elephants and cacti — may be traded subject to government permits.

One of the most fiercely debated topics at the Gaborone meeting is which species should be transferred from the "total ban" list to the "restricted trade" list, and vice-versa.

For example, the U.S. wants a ban lifted on the American Bobcat which it argues is no longer in immediate danger of extinction.

Several East and Central African countries—prodded by the fur trade and trophy hunters—have proposed controlled trade in certain species of leopard. Kenya banned leopard hunting six years ago, but the animals have apparently multiplied to the point where some farmers regard them as a nuisance.

On the other hand, there are proposals that trade in whales and hair seals among others, be more strictly controlled.

A large contingent of environmentalists has pounced on almost any suggestion that trade in wildlife be liberalised.

According to one Government delegate, "There is an emotive pressure to go a little beyond conservation and to protect instead of conserve."

Britain's policy, according to its chief delegate Mr John Goldsmith, a Department of Environment official, is to allow "maximum opportunity for developing countries to trade without killing the goose that lays the golden egg." The UK requires import permits on a wider range of species than those listed by Cites. It issues about 16,000 licences a year.

The British delegation has spent a good deal of time in Gaborone lobbying on behalf of the Cayman Islands for freer trade in the Cayman turtle, one of the islands' biggest export earners. A U.S. ban on imports and trans-shipment of turtle products has virtually killed the local industry which for the past 20 years has bred turtles in captivity for use in soup, jewellery, cosmetics and leather products.

The credibility of the convention is undermined by the difficulty of enforcing its provisions.

Catching traders in endangered species is often almost impossible. The borders of countries where many of those animals and birds originate are badly patrolled, and forged documents are a way of life.

Cites' enforcement efforts are concentrated on traders, mostly in the U.S., Europe and the Far East, rather than on those who kill the animals. Dr Mostafa Tolba, UN environmental programme director, noted that "the small-time poacher, who is invariably paid a pittance and thinking mostly of a hungry family, is as much the victim as the animal he kills."

Decline in machine tool orders worries Italians

BY JAMES BUXTON IN ROME

ITALIAN machine tool manufacturers suffered a 15 per cent fall in the real value of their exports in 1982. And while France continues to be their biggest foreign market, they are *increasingly* worried about what they claim to be French protectionism.

Total Italian machine tools exports in 1982 amounted to L865bn (£380m), according to UCIMU, the manufacturers' association. This compared with exports of L904bn in 1981. The small drop in the money value *of the exports is accounted for* by the high Italian inflation rate.

Even so Italy maintained a healthy trade surplus in machine tools, importing only L282bn worth and widening the trade surplus by a modest L20bn in money terms to L583bn. Total deliveries by the industry amounted to L1540bn, a decline of 20 per cent in real terms.

According to UCIMU's director, *Sig Piero Ruffini*, internal demand for machine tools fell by 10 per cent last year, on top of a fall of 37 per cent in 1981. The third quarter of the year was especially difficult. Orders in the first quarter of 1983 were down by 33 per cent from the domestic market and 27 per cent from abroad in real terms.

Reuter adds from Washington: U.S. machine tool orders rose to $125.6m in March, up 28.8 per cent from a revised $97.5m in February, the National Machine Tool Builders Association said. The Association originally reported February orders at $98m.

Italians to build turbines

BY OUR FOREIGN STAFF

TURBOTECNICA, a subsidiary of Nuovo Pignone of the Italian state-owned ENI group, has won two contracts worth a total of L15bn (£10m) for the supply of gas turbines to Nigeria and India.

One order is for a power station at Obiafu Obrikon in Nigeria. Two similar units were ordered by the Nigerian Oil Company in 1981.

Hindustan Fertiliser Corporation has placed an order for a co-generation system for an extension (third stage) to the fertiliser plant at Namrup in Assam, North East India.

France to lift VCR import curbs in May

FRANCE will lift its six-month-old restrictions on imports of video cassette recorders (VCRs) in May, an action that should permit VCR imports to reach 400,000 to 450,000 units in 1983, the Foreign Trade Ministry said in Paris yesterday.

The move follows Monday's VCR technology production accord between Thomson-Brandt of France and JVC of Japan.

No date has yet been set for lifting the measures which reduced VCR imports, mostly from Japan, to a trickle by forcing them to pass through an inland customs post at Poitiers. But a spokesman for Mme Edith Cresson, the Trade *Minister, said the lifting* would be sometime next month.

The 450,000 units expected to be imported over the rest *of 1983 represent about half* French annual VCR demand and 75 per cent of imports in 1982.

In March, Japan agreed to *limit* VCR exports to the EEC to 4.55m, the same as in 1982. France, a party to the agreement, agreed to lift the restrictions after talks between Mme Cresson and the Japanese Ambassador.

Reuter

Japan's Exim Bank cuts new lending commitments

TOKYO — The Export-Import Bank of Japan released figures on Monday showing it had cut its new lending in the fiscal year 1972 ending March 31 1983, concentrating on funding commitments agreed during the previous fiscal year.

The bank said it had made 927 commitments totalling Y1,295bn (£3.5bn) in fiscal 1982. While that was down 20.1 per cent from the record Y1,620bn *promised on 747 commitments* a year earlier, it was still the second-highest amount ever.

Export credits, overseas investment credits and overseas direct loans all declined from the previous year. But import credits rose more than 90 per cent from fiscal 1981 levels.

The Japan Exim Bank also said its fiscal 1982 disbursements totalled a record Y1,352bn, up 18 per cent from Y1,145bn a year earlier.

Repayments totalled Y911.9bn, so that the net increase in loans outstanding during the fiscal year was Y439.9bn. Cumulative loans outstanding on March 31 totalled Y6.043bn, up 9 per cent from a year earlier.

Among the new commitments *made in fiscal 1982*, 280 export suppliers' credits totalled Y489.3bn, down 28 per cent from Y677bn a year earlier. Major commitments included oil-refinery expansions in Balikpapan, Cilacap and Dumai in Indonesia, and the export of a cement plant to Jordan.

AP-DJ.

Vehicle exports decline

TOKYO — Japan's vehicle exports fell to 5.59m in the fiscal year ended March 31 from 5.86m a year earlier, the Japan Automobile Manufacturers Association said.

This was the second consecutive year-on-year fall from the record 6.15m units exported in the year ended March 1981.

Exports last year comprised 3.80m cars, up 0.1 per cent from a year earlier, 1.74m trucks, down 12.2 per cent, and 47,000 buses, down 36.1 per cent, the Association said.

The value of the exports, including that of spare parts and components for assembly abroad, totalled $28.82bn against $30.38bn in fiscal 1981, the Association said.

Of the total volume, 2.03m units went to the U.S. compared with 2.23m a year earlier. Car exports in each year were 1.68m, the limit set under a U.S.-Japan agreement.

Reuter

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UK NEWS

New rules to beat fraudulent dealers

By John Moore, City Correspondent

NEW RULES designed *to stamp* out fraud among the 500 licensed dealers who invest money on behalf of individuals were laid before Parliament by the Department of Trade yesterday.

The stricter controls over the dealers, who receive licences to operate from the Department of Trade, the ultimate regulatory authority of the business community, will come into force on June 1.

The move is designed to offer more protection and safeguards for investors using licensed dealers against fraud and insolvency among the licensed dealers. These changes have been prompted by a series of frauds among the licensed dealing community.

Under the new rules licensed dealers will be required to keep client money and investments separate from their own, so that clients are protected if the dealer becomes insolvent.

Dealers must give written notice to new clients, telling then how the dealer will handle client money and *investments. Dealers* undertaking investment management for clients must enter into formal contracts.

Dealers will be required to inform their clients of the insurance or other arrangements they have to protect clients in the event of their failing to account to clients.

Ruddle loses BR beer deal

By Gareth Griffiths

G. RUDDLE, the independent brewery specialising in the take-home trade, has lost its contract with British Rail to supply beer to Travellers'-Fare. Instead, the one-year contract has been awarded to Boddingtons', the Manchester-based regional brewer.

The contract is worth about 1,000 bulk barrels a year. Boddingtons' said it would not make a significant difference to its production. It would, however, provide the company with a higher profile in its attempt to expand its distribution.

Mr Ewart Boddington, the company chairman, said the bitter would be available in cans from the end of this month. It would be competing with other beers on British Rail produced by the main national breweries.

Ruddle has supplied its bitter in cans to Traveller's-Fare for the past two years. Mr Tony Ruddle, the chairman, said the British Rail contract had caused him some worries.

These centred around British Rail's policy of selling all its bitters at the same price on trains. This meant the cheaper Ruddle's bitter was sold and the company would have preferred its premium County bitter to be sold on trains. County has been sold et British Rail stations for the past four years.

Cowley back to work with a union warning

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE 5,000 workers at British Leyland's Cowley assembly factory voted overwhelmingly yesterday to end their four-week stoppage -- but union leaders warned that the real test of the management peace formula has yet to come.

Mr Grenville Hawley, national automotive secretary of the Transport and General Workers' Union (TGWU), said productivity changes had to be introduced by agreement. "We have made clear we are not prepared to accept the old BL-style management where decisions are imposed," he said.

A May 27 deadline has been set for Cowley management and unions to reach agreement on the productivity measures necessary to *justify an increased maximum for* bonus earnings from £18.75p a week to £30.

Austin Rover insists that abolition of the daily six minutes of cleaning-up time is central to the productivity changes. Failure to reach agreement will result in another national level meeting between Mr Harold Musgrove, Austin Rover's chairman, Mr Moss Evans, TGWU general secretary, and Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers (AUEW).

After the national meeting the management will be free to try to push through the chances unilaterally, and the unions to resist. Mr Hawley said in the event of imposition without agreement his workers would be given official union support.

No union recommendation was put to yesterday's mass meeting, but workers told that their 86-strong shop stewards' committee was opposed to the company's peace *formula. The majority for* a return to work was about four to one.

Mr David Buckle, TGWU Oxford district secretary, said the strike had been worthwhile because it had "put the autocratic managements of BL under the public microscope."

He added: "The management must consult with people and treat them like human beings, not just impose their will."

A vital factor in improved relations is likely to be the proposed four-man inquiry into allegations of bad behaviour by both management and unions. The forum will comprise two members from management and two full-time union officials.

Another problem for Austin Rover is action threatened by the 5,000 workers in the neighbouring Cowley body plant. There, the management is proposing a cut of 10 minutes a day in cleaning-up time. Shop stewards are urging members to ignore the instruction.

Production at Cowley will resume tonight. The stoppage, which has halted all Maestro, Rover, Ambassador and Acclaim models, has cost lost production of 19,000 vehicles, with a showroom value of around £100m.

Enterprise zones a qualified success

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

FEW COMPANIES considering setting up in enterprise zones are attracted by the absence of bureaucratic planning restraints, according to e report published yesterday.

According to Roger Tym and Partners, who conducted e report on behalf of the Department of the Environment on the 11 zones operating, the most important attraction was the 10-year rates-free holiday.

According to the consultants deregulation incentives, thought to be the central point about the zones by Sir Geoffrey Howe, Chancellor of the Exchequer, when he launched them in the 1980 budget, "are a minor part in making zones attractive."

To mask the Government's disappointment at this report on the first 10 months of operations, Mr Tom King, Secretary for Environment, yesterday shifted ground and said the report showed that zones in general appear to be succeeding in their primary of bringing new life and investment to some very run-down areas.

Apart from the rates (local property taxes); companies operating in the zones get 100 per cent capital allowances on new building, pay no development land tax and meet *few-planning delays.*

The report, which covers the period to the end of May last year, shows that 297 companies created about 3,000 jobs. Most of the concerns had 10 or fewer employees and only eight had more than 50.

The main criticism from the property world, that the zones by and large attract nearby industry, appears to be substantiated.

Black taxi sells abroad

BY JOHN GRIFFITHS

LONDON'S black taxi has become a valuable export earner for its manufacturer, Carbodies of Coventry, almost overnight.

Carbodies has been making about 2,500 taxis a year almost exclusively for the UK market. But this year it expects to sell 700 taxis overseas, mainly in the Middle East.

The first batch of 80, destined for Kuwait, include models with leather and walnut interiors, television and drinks cabinet and will cost their eventual owners about £16,000 (double the standard version). In the Middle East, the upmarket versions are being called "the London limousine," according to Mr Bill Drew, managing director of Carbodies Sales and Services.

Carbodies became fully independent last year. Before then, production of the black taxi was a tripartite project between BL, Carbodies and Mann Egerton.

Women's bank drive

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

A DRIVE to find British support for a rather unusual financial institution was initiated yesterday in Downing Street when Lady Howe, wife of the Chancellor of the Exchequer, meets bankers, businesswomen and men and Bank of England officials during a reception she hosted on behalf of Women's World Banking.

Women's World Banking is an *international loan guarantee* fund with more than $3m of capital provided by six governments, including the U.S., and financial groups such as Merrill Lynch, the U.S. brokerage house.

The goal, according to Ms Michaela Walsh, its president, is to act as a catalyst for women in developing countries who wish to start *small businesses.*

BET hopes bid will change its dull and faceless image

BY CHARLES BATCHELOR

BRITISH Electric Traction (BET) hopes its £122m bid for the remaining 36 per cent of cable television group Rediffusion will improve BET's image in the City of London as a dull and faceless conglomerate.

"Rediffusion is a glamour stock but none of this bas rubbed off on us," BET chairman, Mr Hugh Dundas, said.

With BET itself the subject of recent bid speculation, the company is acutely aware of the need to imrove the City's perception of it, to maintain its share price as high as possible and to make any contemplated takeover impossibly expensive.

Five years of profit stagnation around £60m to £70m have done nothing to improve BET's image as e broadly diversified group lacking io the industrial logic which holds together a company like GEC or BTR.

BET's 1982 turnover of £1.03bn was produced by a mass of subsidiary and associate companies engaged in electronics, freight haulage, linen hire and laundries, printing and publishing, waste disposal and plant hire.

"To make it appear more coherent you could say our activities fall under four main headings," Mr Dundas said. "We are in entertainment, transport, construction and laundries. They are nearly all in the service sector."

BET has been engaged in e programme of technical innovation, specialisation, acquisition and, to a lesser extent, disposals during the *late 1970s and early 1980s, Mr Dundas* said. But since this was invariebly carried out in the name of the subsidiary company, BET appeared to be standing still.

"We want to maintain the identity of our subsidiaries and keep their morale up," he said. "We push activity down the line to where the profits and the customers are.

"The City does not understand BET. In the past we have said: 'What the hell.' But we feel now we must take the trouble to help them find out."

Innovation has been most spectacular at Rediffusion, which Mr Dundas chairs alongside BET.

The company's cable network is already the most extensive in Europe. It is working on multi-channel networks to carry both information and entertainment and "interactive" services which allow viewers to talk back.

Rediffusion is also the leading supplier of flight simulators to the world's airlines, claiming an 80 per cent share of the market.

As its rather quaint company title suggests, BET had its origins in transport and this sector is still, after electronics, the second most important in terms of turnover.

However, BET is reducing its general freight carrying business in the UK to concentrate on specialised areas such as road tankers and heavy *lift.*

After the heady expansion into construction in the late 1960s and early 1970s, there have been *few large purchases over the past decade.* But this conceals, says Dundas, e steady rate of buying small and medium-sized companies.

"We spent $30m on publishing in the U.S. last year," be said. "Our Argus Press subsidiary has built up a good base of specialised magazines and we have *identified* plenty more which we could pick up."

Mr Dundas acknowledges that BET is "light" in the U.S., which is the company's main target now for geographical expansion.

BET has been trimming its hard-pressed construction sector of loss-makers, but says it is keen not to be seen as a ruthless executioner of temporarily lame ducks.

"Our critics say we should have seen the problems coming and got rid of companies," Dundas says. "But if you decide to sell after two bad years that has a dramatic effect on other business. The people working for yon start looking over their shoulders all the time."

Nevertheless BET has disposed of its 75 per cent stake in the Murphy Brothers open-cast mining operations and is negotiating the disposal of Humphries Holdings, its film developing and printing subsidiary.

BET's far-flung empire is governed from its group headquarters in London. Eighteen group executives, backed by about 35 administrative staff, form *what Dundas* calls "a pretty lean head office staff."

Satellite broadcast options reviewed

By Raymond Snoddy

A HIGH-LEVEL meeting will be held at the Department of Industry today to conduct an urgent review of the options facing the UK on direct satellite broadcasting.

The meeting follows the apparent failure of the main European broadcasting nations to agree on a single European standard in Copenhagen last week.

Today's meeting will bring together representatives of the Department of Industry, the Home and Foreign Office, the BBC, the Independent Broadcasting Authority and the UK consumer electronics industry.

The meeting will be under strong pressure to send a recommendation to Mr William Whitelaw, the Home Secretary, that Britain should now push ahead with developing its own system, C-MAC.

Industry has warned that unless work begins soon on designing the complex integrated circuits, there might be no receivers on the ground able to handle the pictures from the BBC satellite due to begin broadcasting in September 1986.

The issuing of the final specification for C-MAC -- designed by IBA, and accepted by the Government -- has been delayed in the hope of getting the British system accepted as the European standard. But the French have made it clear they intend to go their own way

No-strike agreement at Inmos

By Robin Reeves

INMOS, the Anglo-American microchip venture, has negotiated e no-strike agreement with the electricians' trade union, the EEPTU, which was recently selected as the sole union to represent workers at the company's new production plant in Newport, South Wales.

The agreement provides for any *dispute over pay and conditions to* be referred, in the last resort, to an independent arbitrator appointed by the Government'a conciliation service, Acas, whose decision would be final.

The Acas arbitrator would be required to come down in favour of either the management's or trade union's position rather than to split the difference.

Inmos's Newport plant bas recruited 250 staff. It is boped to increase the workforce to 1,000 by next year.

Howe doubts Williamsburg agreements

By Max Wilkinson

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, yesterday poured cold water on the idea that the economic summit meeting in Williamsburg next month would lead to any major new agreements for reflating the world economy or for stabilising exchange rates.

He told a press conference in London that experience showed that exchange rate stability could only be built on parallel policies and performances by the major industrial countries.

Although official intervention in the foreign exchange markets might help with short-term fluctuations, he said, stability in the medium term required inflation rates to be reduced, together with a healthier and more convergent balance of fiscal and monetary policies.

CBI QUARTERLY INDUSTRIAL TRENDS SURVEY FOR APRIL

Business confidence, orders and output show marked recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BUSINESS confidence, orders and output have all recovered markedly from recent low levels, according to the Confederation of British Industry's Quarterly Industrial Trends Survey for April, published yesterday.

The survey, which covers 1,700 manufacturing companies, together employing about half the manufacturing workforce, shows the sharpest improvement since July, 1977 in the balance of companies reporting an improvement in the volume of new orders. It shows the first reported increase in export demand since 1981.

Overall 36 per cent of companies are more optimistic abont the general business climate than they were four months ago. This compares with 12 per cent reporting increased optimism in the last quarterly survey in January.

While nearly 60 per cent reported an unchanged state of general confidence, the proportion reporting increased pessimism fell from 17 per cent in January to 5 per cent this month.

A balance of 31 per cent is reporting increased confidence compared with 5 per cent reporting increased pessimism three months ago. The balance is the difference between the percentage of companies reporting *an increase and those reporting a fall.*

The CBI says this improvement represents the first substantial recovery of confidence since 1976, although there have been smaller improvements since then.

The survey provides evidence of a slower pace of destocking, an expected improvement in company liquidity, with little sign of constraints on increasing output except weakness of demand.

There is some evidence that a recovery in investment in plant and machinery is planned over the next 12 months.

A balance of 44 per cent of companies say they are employing fewer people than in the past four months, the same balance as in October 1982. However, only about 30 per cent expect to employ fewer people in the next four months, compared with a balance of 45 per cent expecting a reduction in the workforce in January and 36 per cent in January 1982.

The outlook for prices revealed in the survey is for some moderate increases in the coming months. The balance of companies reporting higher costs per unit of output and higher average prices at which domestic orders are booked has *risen somewhat* since January but is still low by historic standards.

The CBI's own assessment is that the survey confirms the findings of the more limited monthly trends surveys in February and March which suggested a pick-up in orders and expectations of output, with an improvement in optimism.

It cautions "The increase in the level of orders and output is still patchy and of course from a very low base. Fifty one per cent of firms still describe their total order books as below normal and 72 per cent of firms are still working below full capacity."

However, the confederation reports: "Rising optimism is apparent across almost the whole of manufacturing with only a few of the 44 individual industries for which results are available reporting either only a marginal improvement or, in the case of the food industry, a marginal deterioration." The larger companies tended to be rather less optimistic than the smaller.

Demand on the increase

THE BALANCE of 16 per cent of companies reporting an *improvement in the volume* of total new orders, although still a relatively modest indication of improved demand, is better than the expectation in January. Then only 5 per cent. were expecting an increase in orders.

Better order books are reported from the consumer and intermediate goods industries, but no change of demand is reported by the producers of capital goods.

In spite of the improved trend of orders, the CBI cautions: "It is important to stress that that nearly one in five of all participants still report a decline in demand, and falling orders are reported in a number of individual industries."

In the next four months nearly a quarter of companies expect an increase in demand, with particular emphasis on consumer industries. However, in spite of the more buoyant trend of demand, order books provide only 10 per cent of companies with more than six months of assured prodoction and there has been no increase in the length of time for which production is guaranteed.

Output

The survey suggests that the last four months output has risen, with 13 per cent reporting a rise, a better outcome than predicted by companiesin the January survey when 5 per cent expected a fall in output. Not all industries reported an improvement, however and 14 sectors reported a decline, with higher production most apparent in the intermediate goods sector.

In the next four months 22 per cent suggest that a larger rise in production will occur, with all but four industries predicting an improvement and the consumer goods industry particularly buoyant. Rising outpnt has increased the utilisation of capacity only slightly. A total of 72 per cent of companies still report that they are working below full capacity — this still represents a large amount of idle capacity but it is the highest rate of utilisation reported for three years.

In some of the metal and engineering industries 90 per cent of those surveyed said they were still working below full capacity, but in some of the lighter industries less than half reported this.

Stocks

All stocks are reported to have declined during the past four months, but the survey suggests that de-stocking has been at e slower rate than at the end of last year. It also indicates that destocking will continue to slow in the coming *months. The* CBI says that stocks of finished goods have been becoming steadily less excessive since last November and the present balance of 12 per cent reporting excessive stock levels is the lowest reported in any quartely survey since October 1979. However, there is little evidence at present of any serions or widespread deficiency in the stocks of finished goods.

Costs and prices

There is little evidence that the depreciation of sterling last autumn or the prospects of economic recovery is yet putting any sharp upward pressure on costs or prices. For the next four months, 33 per cent of companies expect higher costs per unit of output (compared with 26 per cent in January) suggesting a small acceleration in the rate of increase of average unit costs, the CBI says.

However, it adds: "This is still a very low balance historically and may suggest that with higber output and productivity, the impact of a lower value of sterling on costs has been reduced.

The balance of companies reporting higher average prices *(17 per cent), although higher* than in January (14 per cent) and October (8 per cent) is still a low figure by historic standards.

Exports

The survey suggests, the CBI says, "A noticeable increase in confidence about export prospects following a small increase in January." The highest optimism about exports is in the intermediate goods industries, although most other industries reported some improvement. Nine industries reported a worse prospect for exports.

The volume of actual deliveries of exports is reported to have risen modestly and a further small increase is forecast for the next four months.

The CBI expects prices of exports to rise somewhet more extensively in the next four months compared with the last four months.

Constraints

The major limitation on companies' output continues to be lack of demand, although the 89 per cent which expect lack of orders or sales to limit output in the next four months is the lowest for three years. The figure is, however, very high in *an historical perspective.*

Evidence of supply shortages was limited, with only 4 per cent citing shortages of skilled labour as a constraint, although the proportion of companies in electronic, clothing and leather industries reporting this *difficulty* was as high as 10 per cent.

Investment

The survey provides some evidence of a strengthening of investment intentions, with 37 *per cent of companies expecting* to increase investment in plant and machinery over the next 12 months compared with the previous 12 months, and 24 per cent expecting to invest less.

The CBI estimates that investment spending (including assets leased by manufacturers) should grow by about 5 per cent between the fourth quarter of 1982 and the fourth quarter of this year. In the first half of next year, investment is expected to be about 5 per cent higher than at present. The CBI comments: "This, however, represents only a modest recovery following such a prolonged decline."

Employment

The balance of 44 per cent reporting a decline in the number of their employees in the last four months suggests that total manufacturing employment has fallen at nearly the same rate as last year. All but four industries reported falling employment. Only two industries, timber and wooden products and furniture upholstery and bedding, reported more than a marginal increase in employment.

The balance of 29 per cent expecting a further fall of employment in the next four months is the least negative balance reported since October 1979, when the recession was getting under way.

Liquidity

The survey includes a special six-monthly section of questions on corporate liquidity. This showed that 28 per cent of companies expected an improvement in liquidity between October 1982 and October 1983. This compared with a balance of 12 per cent expecting an improvement in the year to April 1983 and 19 per cent expecting an improvement in the 12 months to October 1982.

TOTAL TRADE

All figures are percentages on a weighted sample. Figures in parentheses show the responses to the survey carried in April.

Number of respondents 1,700

	More	Same	Less
Are you more or less optimistic than you were four months ago about the general business situation in your industry	36	59	5
	(12)	(72)	(17)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	12	48	27	14
	(9)	(42)	(35)	(14)
(b) Plant and Machinery	30	44	24	2
	(28)	(37)	(33)	(2)

	Yes	No	N/A
Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation)	72	27	1
	(76)	(23)	(1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	10	38	51	—
	(5)	(34)	(60)	(1)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	16	70	4	11
	(19)	(67)	(4)	(11)

Excluding seasonal variations, whet has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Numbers employed	8	40	52	—	11	49	40	—
	(7)	(36)	(57)	—	(5)	(45)	(50)	—
Volume of total new orders	35	45	19	2	31	59	8	2
	(22)	(39)	(35)	(4)	(25)	(52)	(20)	(4)
of which: Domestic orders	31	49	18	1	27	64	8	2
	(16)	(51)	(32)	(1)	(15)	(62)	(21)	(1)
Volume of output	29	54	16	—	29	64	7	—
	(19)	(50)	(30)	—	(16)	(62)	(21)	(1)
Volume of domestic deliveries	29	52	10	1	29	62	8	1
	(21)	(47)	(29)	(2)	(18)	(64)	(17)	(3)
Stocks of: (a) Raw materials and brought in supplies	12	57	28	3	11	71	15	3
	(10)	(53)	(34)	(3)	(6)	(63)	(28)	(3)
(b) Work in progress	13	57	23	7	13	63	16	7
	(11)	(54)	(26)	(9)	(7)	(58)	(26)	(9)
(c) Finished goods	12	52	26	10	9	62	19	10
	(12)	(48)	30	(10)	(9)	(54)	(27)	(10)
Average costs per unit of output	36	53	10	—	41	50	8	—
	(35)	(54)	11	—	(37)	(52)	(11)	—
Average prices at which: Domestic orders are booked	26	64	9	—	34	63	3	—
	(25)	(64)	(11)	(1)	(33)	(57)	(10)	—

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
16	50	10	2	2	2	2	17
(19)	(47)	(9)	(2)	(3)	(1)	(2)	(17)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
89	4	1	8	4	3	7
(93)	(2)	(2)	(4)	(3)	(2)	(1)

	More than adequate	Adequate	Less than adequate
In relation to expected demand over the next 12 months is your present fixed capacity	54	42	4
	(66)	(32)	(2)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant, or machinery over the next 12 months:

To expand capacity	To increase efficiency	For replacement	Other	N/A
15	73	51	6	8
(12)	(72)	(54)	(8)	(8)

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on proposed investment	Shortage of internal finance	Inability to raise external finance	Cost of finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other	N/A
38	26	2	5	46	2	3	10
(37)	(25)	(2)	(6)	(53)	(1)	(2)	(9)

EXPORT TRADE

Companies completing these questions have direct exports exceeding

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	35	55	10	—
	(21)	(62)	(16)	—

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
Your present export order book is	11	40	49	1
	(3)	(39)	(58)	—

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Volume of total new export orders	30	48	21	1	25	61	13	2
	(18)	(45)	(37)	(1)	(20)	(58)	(21)	(1)
Volume of export deliveries	27	48	22	2	26	57	15	2
	(17)	(45)	(33)	(4)	(24)	(52)	(20)	(4)
Average prices at which export orders are booked	25	65	8	1	31	63	6	1
	(15)	(66)	(17)	(2)	(29)	(60)	(9)	(2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
53	7	11	20	50	6
(60)	(4)	(11)	(16)	(54)	(4)

UK NEWS

Engineers vote to keep old-style apprenticeships

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT'S attempts to modernise industrial training have been dealt a severe blow by the refusal of the Amalgamated Union of Engineering Workers (AUEW) to accept the abolition of time-served apprenticeships.

Members of the union's policy-making national committee this week rejected appeals from the executive and voted 30–18 in favour of retaining a four-year time requirement in the industry's training arrangements.

This is in complete conflict with the belief of the Government and the Manpower Services Commission that time-served apprenticeships must disappear by 1985 to help to bring the UK's training performance into line with that of its leading industrial competitors.

Leaders of the AUEW and other engineering unions had already agreed in principle with the Engineering Employers' Federation (EEF) that time-served apprenticeships should end this summer with the length of future training related to individual achievement. This important change will now be blocked unless the national committee reverses its decision.

Mr Terry Duffy, AUEW president, said the national committee's decision posed a very serious dilemma. He said: "We feel that the agreement with the EEF is a good one, and the executive unanimously recommended the national committee to accept it. But we will have to go back to our fellow unions and the employers and tell them we have been defeated."

The Government believes training must be to standards rather than time, not only to speed the training of young people but also to create conditions for flexible retraining during working life as technology changes.

This view has widespread support among union leaders, but attitudes on the shopfloor are more mixed.

Some industries, such as printing and electrical contracting, are introducing new apprenticeship schemes which eliminate time service.

A reform of apprentice training, however, cannot be completed without the support of engineering. It is in many ways the heart of traditional apprenticeship, and its training arrangements influence those in many related industries.

Mr Duffy told the committee that years of service were not the criteria of ability and warned that it would be a disaster to reject the proposals.

Midland reviews branch policy

THE MIDLAND BANK is reviewing its policy of dividing up the UK market between personal and corporate branches.

The bank denied reports, however, that it had halted its area office programme, under which 55 corporate specialist branches have opened since 1978.

A Midland spokesman said the bank had not halted its branch network reorganisation. He said more area offices would continue to open but the pace was slowing

£50m plan for historic dockyard

THE HISTORIC part of Chatham Dockyard could be the centre of a £50m development by an international company. The London World Trade Centre Associated, a subsidiary of building giant Taylor Woodrow, which was responsible for developing St Katharine's Dock in London, has put forward the plan for a leisure development.

Power cuts hit Ulster

NORTHERN Ireland was hit by a series of power cuts yesterday because of a 24-hour strike by 300 manual workers at the province's largest power station.

The unofficial action, at the Ballylumford station near Larne, was caused by a dispute within the Northern Ireland Electricity Service over the operation of the new statutory sick pay scheme.

Guinness Mahon Jeddah link

WE HAVE been asked to point out, in relation to a report in the Financial Times of April 21, that Guinness Mahon has agreed to enter into an arrangement with the Sheikh Abbas Ghazzawi law firm of Jeddah to assist in the provision of services to their clients.

An ambiguity in the headline may have given a misleading impression of the nature of the link. The arrangement does not constitute a Saudi joint venture bank.

Unions and Labour near agreement on defence jobs switch

BY JOHN LLOYD, LABOUR EDITOR

LEADERS of the Trades Union Congress (TUC) and the Labour Party have moved close to agreement on a plan to convert major parts of the defence industry to civilian production.

The issue is likely to figure prominently in the general election campaign. Mr Michael Heseltine, the Defence Secretary, has identified the issue of jobs in defence industries as a potential weakness in Labour's anti-nuclear defence strategy.

A paper endorsed by a meeting this week of the TUC-Labour Party liaison committee says there will be a need to plan the transition from military to civilian production. The main body for planning such a transition, it adds, should be a national industrial conversion commission, overseeing the relevant work in the Industry Department, the Employment Department and the Ministry of Defence.

The commission would support research into alternative products, assist local alternatives to defence production and provide material assistance for such plans.

The commission would be tripartite, and would have strong links with Labour's proposed Department of Economic and Industrial Planning, and to the National Planning Council.

The paper says: "The commission would administer a conversion fund generated from savings in defence expenditure. Resources from the conversion fund could be made available via its regional offices to research initiatives by local alternative user committes and to workers, companies and communities affected by changes in defence contracts."

The liaison committee also inched closer to agreement on a minimum wage for low-paid workers. This followed a strong plea from Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, that the Labour movement should adopt a policy in an area where traditionally it has been silent.

It is certain, however, to stop short of a statutory minimum wage. The Transport and General Workers' Union, the country's biggest trade union, is firmly against statutory underpinning, a position forcefully restated this week by Mr Moss Evans, the TGWU general secretary.

The committee agreed that the next move in what will be a tortuous advance towards agreement should be that the Labour Party prepares a document on low pay to which the TUC can respond.

New laws sought to curb directors of bankrupt companies

BY KEVIN BROWN, PARLIAMENTARY STAFF

THE GOVERNMENT is trying to find a way to act quickly to tighten the law on insolvent directors, Dr Gerard Vaughan, the Consumer Affairs Minister has hinted.

There has been widespread criticism of the delay in implementing the recommendations of the Insolvency Law Review Committee, chaired by Sir Kenneth Cork.

Dr Vaughan, clearly wishing to dispel the criticism, told questioners on both sides of the House of Commons that he aimed to stop directors of bankrupt companies from re-opening for business under different company names.

The difficulty in framing legislation was to prevent curbs on crooked businessmen from catching genuine, honest traders, he said.

"The recommendations of the Cork report are extremely complex," he said. "They are interrelated and integrated and, although I am looking to see if I can pull out some of the package for advance legislation, it is very difficult."

He added: "It is an absolute disgrace about the way small people who have no opportunity to carry this sort of debt are unwittingly led into this situation by unscrupulous traders who do this year after year."

Mr John Fraser, a Labour spokesman on trade, told him: "It is not good enough to bottle up Cork in your department. There has been five years' consideration by Cork and a year's consideration inside the department. Simply to say that Cork is complicated is not good enough."

Labour MP Mr Greville Janner said the Government had already accepted the general principles of the Cork report and should act

Mr David Ginsburg of the SDP said implementing the report's recommendations would give the Government some legislation to occupy the House of Commons in the absence of a June general election.

City rents ahead of inflation

By William Cochrane

OFFICE rents in the City of London remain ahead of inflation, but growth is falling behind in two other centres, according to a report published yesterday.

A survey by the Royal Institution of Chartered Surveyors and the Institute of Actuaries for the quarter ending in March 1983 showed rents in the City of London growing at a rate of 9 per cent over 12 months.

In the West End of London and Liverpool, rents were at a virtual standstill, while growth in Newcastle had been sustained at about 4 per cent.

Demand in the City of London was still focused on post-1974, air-conditioned properties with rental values in the survey ranging from £16.50 to £31 a sq ft. That compares with a range of £16 to £28.50 a year ago.

In contrast, Newcastle's greatest growth was in the rents of older, pre-war offices. Rental values ranged from £1.50 to £2.50 a sq ft for pre-war original buildings, against £2.50 to £4.50 for post-war offices.

Social Democrats give first TV broadcast

BY JOHN HUNT

THE FIRST party political broadcast by the Social Democratic Party (SDP), which was transmitted on television last night, concentrated on attacking the adversary politics of Conservative and Labour governments and presented a new character, the "Thatcherfoot."

Played by an actor rapidly alternating between Mrs Margaret Thatcher, the Prime Minister, and Mr Michael Foot, the Labour leader, the character was intended to highlight the unhealthy confrontation between the two main parties on questions affecting the economy, employment, industry and defence.

The broadcast, of less than five minutes, is the only one allowed to the SDP this year until the general election. This compares with the 40 minutes each for the Conservatives and Labour and 20 minutes for the Liberals.

The SDP has protested at its lack of time this year. It intends to press strongly for the SDP-Liberal Alliance to have equal broadcasting time with the Conservatives and Labour during the election campaign.

The time is allotted on the basis of how well the parties performed in the last general election. The difficulty is that the SDP was not then formed.

The party argues that it is entitled to an equal share on the basis of the number of votes it has captured in by-elections.

APPOINTMENTS

Chairman elected at Lykes Bros.

● Mr Charles P. Lykes, chairman and chief executive officer of Lykes Bros, Inc, has been elected chairman of LYKES BROS STEAMSHIP CO. INC. New Orleans, on the death of Mr Chester H. Ferguson, and chairman of Interocean Steamship Corp, owners of Lykes Steamship. Lykes Bros is the principal stockholder in Interocean Steamship. Mr Tom L. Rankin, president and chief operating officer of Lykes Bros, and Mr David H. Knapp, have been elerted to the boards of Interocean Steamship and Lykes Bros Steamship.

● Mr Michael Reaveley, formerly an executive vice-president and chief manager at Barclays Bank International's corporate branch in New York, has been appointed an executive vice-president and a director of BARCLAYS BANK OF CANADA.

● Mr John J. Stork, chairman of John Stock and Partners in Europe, and Mr A. S. (Sandy) Blodget, president of Paul Stafford Associates in the U.S., have become presideot and chairman respectively of their organisations' STORK STAFFORD INTERNATIONAL PARTNERS INC, which has been formed to engage in the practice of international executive search.

● Mr Allie Sherman has been appointed a vice-president of WARNER COMMUNICATIONS with responsibility for the development of the company's sports interests.

● Mr Takeyuki Ozawa, general manager of the internal and public relations chamber, NIPPON YUSEN KABUSHIKI KAISHA, has become managing director of the Hikawamaru Marine Tower Company, an NYK subsidiary. He was replaced by Mr Yoshiharu Soeda, former assistant general manager of NYK's Nagoya branch.

● Mr Richard M. Hays has been elected secretary and appointed assistant general counsel-corporate of UNITED STATES STEEL from May 1. Mr Hays will succeed Mr Charles G. Schwartz, who will retire on April 30. Mr Hays is senior general attorney-corporate, assistant secretary and director of stockholder relations for U.S. Steel.

● WESTFIELD MINERALS, the Toronto-based resources company, has appointed Mr John J. Royall general manager, exploration and development and elected him to its board. Mr Royall was director of exploration-precious metals for Union Carbide Exploration.

● Mr T. J. Gillard has been appointed executive vice-president, finance, of the CORNELIUS COMPANY of Anoka, Minnesota, U.S. The Cornelius Company is a subsidiary of IMI of Birmingham, England. Mr Gillard is an assistant chief accountant of IMI and will take up his appointment at Anoka in May.

● Mr Andreas Reinhart has succeeded Mr Balthasar Reinhart as vice-chairman of VOLKART BROTHERS HOLDING, the parent company of the Swiss-owned international trading house. He also becomes vice-chairman of Gehrueder Volkart, of Winterthur, the holding company's major subsidiary.

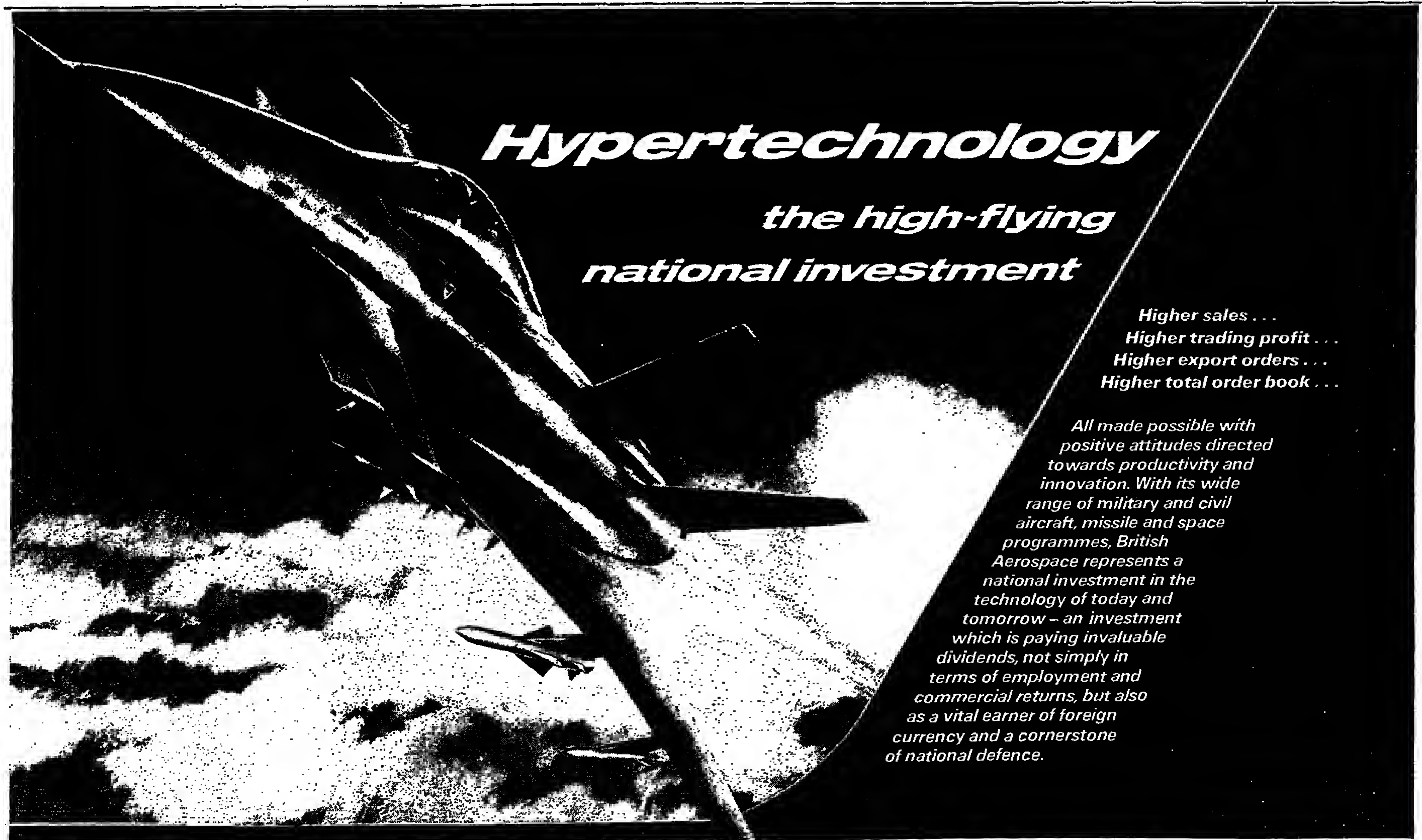
● AM INTERNATIONAL has elected Mr Raymond A. Andrew as senior vice-president. In this new position, Mr Andrew will have responsibility for overseeing all corporate staff activities. Mr Andrew most recently was an independent business consultant concentrating on strategy and business structure.

● Mr F. Max Schnette has been elected senior vice-president—operations for the AMERICAN GENERAL CRPN. Mr Schuette was formerly associated with the Texas American Bank, Houston, where he served as chairman, president and chief executive officer for nine years. Since 1980, he has been associated with the Houston law firm of Boswell and Hallmark.

● Mr Robert A. Mongell has been appointed vice-president and controller of AVIS INC. He has been assigned to Norton Simon Inc, Avis' parent company, as executive assistant to the senior vice-president—finance, and as director of business strategy.

● BEECH AIRCRAFT CORP has elected Mr Glenn Ehling, senior vice-president — operations, and Mr Chester A. Rembleske, senior vice-president —engineering, to its board of directors.

● Mr Paul R. Nagle Jr has been promoted to vice-president and named manager of sales for the systems division of THE RALPH M. PARSONS COMPANY. Mr Nagle formerly served as e commercial vice-president for Parsons' petroleum and chemical division.



THE ARTS

Television/Chris Dunkley

Documentary splendours in the global village

Familiarity does breed the most extraordinary contempt. One of the callers to the monthly radio phone-in about television on LBC's *Nightline* (London only) complained recently that television seemed to be in the doldrums; there was nothing worth switching on for. Pressed for details she said, in her own words, that the entire output—drama, variety, current affairs — seemed pretty lacklustre but that she particularly mourned the absence of good documentaries.

She was not alone. Certainly there were callers who enthused about specific programmes, but it was also clear that the complaint about a lack of interest in general and a lack of good documentaries in particular *struck a chord*.

Yet looking back through my notebooks for the past month or so I have to conclude that what this really expresses is a public perception that there is no single famous and dominating series such as *The Ascent Of Man* or *The World At War* or *Life On Earth* marking the current season. The dominant television events of the past few months have been the launching of Channel 4 and, of course, The Camden Lock Capers, both showing television in a bad light—according to many newspapers anyway.

(The influence of the Press in forming this public perception is interesting: it reinforces a growing belief that television does not "set the national agenda" as we have tended to assume over the last 10 or 15 years, but that other mass media may still be more significant. Jeremy Tunstall of the City University argued in a fascinating article in Broadcast magazine earlier this month that, studied closely, the widespread belief in the precedence of television news over other news media begins to look like a myth. Certainly at the coal-face itself, the newsroom, it is noticeable that in television the major source of material is newspapers which are mined perpetually whereas in newspaper newsrooms only the occasional nugget is acquired from the casual watch kept on the box. But that is really another article.)

The first thing to strike you when looking back over the documentaries of the last few weeks is that the sheer number on offer now that we have four channels is very great. There may not be a series at present as outstanding as *Civilisation*, but each week brings dozens of documentaries, and the general standard today is surely considerably higher than it was 20 years ago. Our expectations have risen rapidly, thanks not least to those outstanding series.

Unless you think carefully about one particular area of interest—remote parts of the world, say—it is easy to take for granted the astounding richness and sheer quantity of information on offer inside 98 per cent of British homes today compared with what was available to our parents' generation or even to ourselves a few decades ago. It is in this sense that familiarity with television breeds contempt.

There has been some tutting among Marxist historians and (often very different animals) historians of Marx during the transmission of BBC2's six part series *Karl Marx: The Legacy*, written and presented by Asa Briggs. But that seems to have occurred mainly because of failure to notice the third and fourth words of the title.

What Briggs has given us is a series of pictures painted in broad brushstrokes of various political systems and cultures each of which in one way or another qualifies as part of the Marx "legacy." Thus we have glanced at the French and Italian communist parties (hearing about the latter from Briggs as he perched atop a banked car-testing circuit on the roof of the Fiat factory in Turin) and gained a general idea of the differences between Yugoslavia's materialist co-operatives and Cuba's collectivisation with its slogan-chanting school children.

The series was almost certainly less informative than a good book, and the feel of the countries conveyed to the viewer less profound than even the briefest of personal visits would provide. But since there is no chance of the average viewer reading a book on the subject or, even today, visiting all the countries, we should recognise the astonishing advance in readily assimilable information that television supplies.

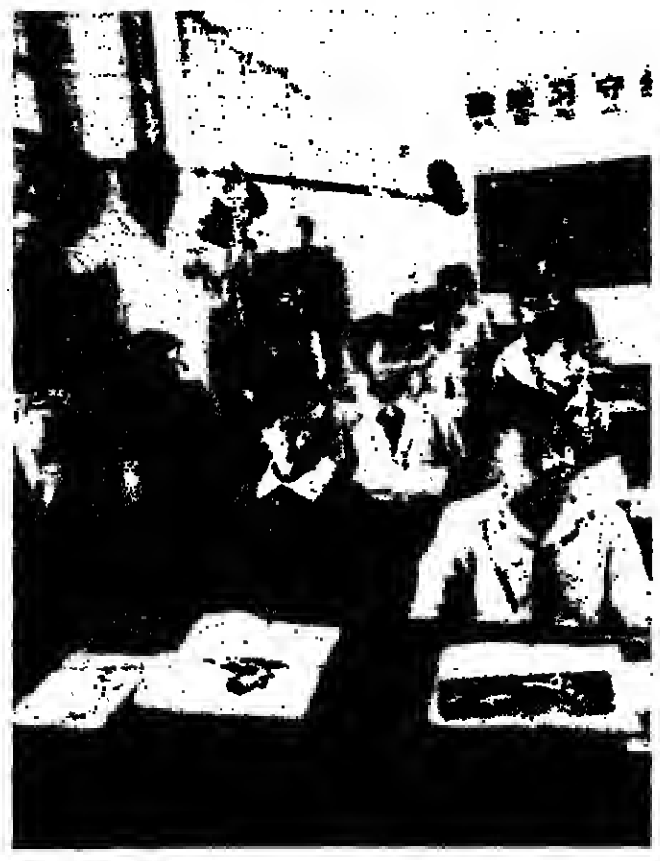
The advance is even more dramatically obvious in BBC 2's *Shackleton*, a four-part series written by Christopher Ralling who was responsible for the superb *Voyage Of Charles Darwin*, involving the re-staging of those epic Antarctic expeditions by actors and television crews working on Greenland locations. So far perhaps we have seen rather more activity in the UK and rather less of the snowy wastes than we might have liked, yet the scenes of the ships in the pack ice and the men in Victorian explorers' outfits have been uncannily authentic, and of course Shackleton's most astonishing achievements are yet to come. They continue tonight.

What is so striking, remembering the complaints of the lady on the phone, is the way that the Edwardian public depicted in *Shackleton* flocked to lantern-slide lectures in draughty halls to get the merest hints of what an Antarctic expedition was like, while we can lie back in our own homes and watch a vivid reconstruction in colour, later complaining that there are no good documentaries around. Perhaps we are spoiled.

A little earlier in the year the BBC gave us another batch of its railway documentaries, this time called *Great Little Railways*. There was even less about locomotives, rolling stock and the permanent way than in *Great Railway Journeys Of The World*, yet only steam freaks will really have minded that. Here again it was possible to stay by the fireside (well, radiator) and consider the countryside, the people, and the life of such disparate places as Poland, the Andes and the Philippines—and those three were all beautifully photographed, incidentally.

It says something for the variety of the much ridiculed "idiot's lantern" that though the three series noted so far all dealt with foreign countries, completely different techniques were used each time: the *Marx* series put a lecturer in front of the camera, the *Shackleton* series is documentary drama with actors, and the *Railways* series employed a different reporter for each trip, out of vision, to provide a voice-over commentary.

Writer/presenter James Bellini and producer/director Alan Bell took a similar approach to their well timed and unflattering re-evaluation of Gandhi in *Wise Man And The Wheel* on Channel 4. Somewhat meandering and repetitive ("Mahatma" was explained just before and just after the first commercial break) this 1½-hour programme looked like three separate half-hours pushed together. Bellini might have been well advised to make a bold assertion at the start—"Gandhi's ideas have proved disastrous for the very people he is supposed to have championed" or whatever—and then used all his evidence to back it up.



English class in the commune: a scene from next week's Inside China series from Granada

As it was, he padded around the subject interviewing textile barons and workers and creating the feeling that perhaps there was more to this man than met the eye. Yet even here what did meet the eye also opened it: the thousands who though poor are in work, and the realisation that India isn't only beggars, holy men and princes.

BBC's *Entertainment USA*, a spin-off from *Top Of The Pops* in which Jonathan King stands in front of American buildings and introduces free movie clips and pop video promos, can scarcely be seen as God's gift to the documentary tradition, yet even this is part of television's total coverage of "abroad" and in today's world a far from irrelevant part.

And tonight ITV shows the first of three programmes which fill a nasty gap left by the Asa Briggs series, *Inside China*. The first two are Pelican programmes, which is to say that they stand in relationship to most of today' documentaries as the old blue Pelicans do to today's glossy multicoloured paperbacks: they are serious, packed with facts, and delivered in a manner which assumes an intelligent audience.

The third, because it happens to deal with the exotic Kazakh tribe of north west China has an advantage in that the settings, clothes, and very lives of the people—one man still hawks with an eagle—are visually dramatic. Perhaps the series could do with more material beyond the party line, but since China's party line is so dominant it is as well to know it, especially since it now seems to be "We have exchanged our chickens for a washing machine, don't you think this is wonderful?"

Of course it will be good to welcome the next great blockbusting documentary series when it arrives, but in the meantime you must surely be distressingly world weary to dismiss television's entire output as "not worth switching on."

Architecture/Colin Amery

Confused messages at the ICA

There are two new shows at London's Institute of Contemporary Arts, an installation by the American sculptor, Mary Miss, and two rooms full of contemporary British architecture, called optimistically *Model Futures* (until May 22).

Mary Miss has constructed a *huge stepped* pool, with no water in it. She is inspired by architecture, looking for a universal typology, and concerned with the influence of a particular site and structure. I think her work is better out of doors, away from the tight gallery walls where it can be read as a response to its surroundings. In the ICA she is brave and big and fills the space with wonderful wood — but her message is castrated by claustrophobia.

Model Futures shows the work of some 35 practising British architects. If this show is about anything it is about what the catalogue itself calls "any number of apparently random eddies." The 30 architects who are each represented by one framed photograph with a quotation certainly appear to be pursuing 30 different approaches to architecture. The mistaken habit of asking architects to speak, or even worse, write down their thoughts leads to 30 exclamations of fatuity.

It would be unfair to ask 30 lawyers, or 30 cab drivers, to encapsulate their philosophical approaches to life in 30 short sentences, and then put them on the wall for public consumption. If only architects and their acolytes would stop thinking that they alone hold the keys to the doors of our visual culture.

The stilted nature of the ICA show does not represent the current state of British architecture. As an exhibition it is intensely disappointing — particularly as one of the stated aims of the ICA's series has been to close the gap between the profession and the public.

Mary Miss would not agree with me because a great deal of her work is about the struggle we all have in trying to experience the idea of the immensity of space in our confined urban lives. The other problem I have with Mary Miss's work (why is it that I always want to call her Miss Mary?) is that her huge wooden installations seem to be devoid of any kind of formal meaning. She does not speak a language that we can all share.

A glimpse of Model Futures according to 30 British architects

She is influenced by an artist I much admired before his untimely death, Gordon Matta-Clark. His work really was seminal because he worked principally on existing buildings —cutting them in half and using his own sculptural and visual skills to explain the structure of the spaces that we build. It is right that Mary Miss should be in the ICA during this season of Art and Architecture exhibitions—but puzzling to many of us because of her hermetic ambiguity.

In Britain at the moment there is a range of architecture that is subtle, clever, experimental and often reasonably good looking. There is also a burgeoning visual sense among the population at large that doesn't need all the "intellectual" sleight of hand that is to be seen at the ICA. James Gowan writes at the beginning of the catalogue that the architect in Britain today is forced to operate in "an arena of disenchantment."

It is an arena that the profession has built for itself, and if the architects want to escape from it they know the answer as well as anyone else—they have to improve their performance. Many architects, including Mr Gowan, have shown that work of quality can be built in Britain. To improve the visual culture of the nation is not a matter for architects alone—they are arrogant to assume that it is.

All the visual arts need nurturing and this is a matter of taking daily care and elementary education. The art of architecture is not served well by this kind of exhibition of pretentious disguises.

The White Glove/Lyric Studio, Hammersmith

Michael Coveney

The play starts with the last moments of *The Cherry Orchard* performed, with a gentle nudge, for laughs. Madame Ranevskaya bids farewell to her furniture, the carriage awaits, the lopping of trees is heard in the distance and old Firs finds himself locked in. He settles down under a white dust sheet. A few minutes elapse. Two Edwardian figures, one with a deerstalker, and meerschaum pipe, stride through an easily unlocked window. The shorter, stouter one exclaims: "My God, Holmes, do you think we're too late?"

This all sounds most promising. We are quickly brought up to date with a tale of missing pearls, the white glove, and buried deposits of a valuable clay compound on the estate. The family returns and Chekhovian spoof mystery thriller is under way. The authors, Richard Maher and Roger Michell, last gave us the Chandleresque parody *Private Dick*. Parody is a fiendishly difficult art and, as in *Private Dick*, the ingenious couple do not quite strike gold.

Even more damaging to their cause—which I am not convinced, anyway, is a worthwhile one—is the length of the evening. A. E. Housman wrote some short sequel plays, *The Third Mrs Tanqueray*, for instance. This sort of exercise is material for a sketch, hardly, unless brilliantly organised, for a full, rather long evening.

Despite its indulgence to the script, Mr Michell's production nonetheless springs some splendid surprises, not all of them serving to clarify a plot of spiralling complications. Leslee Udwin doubles Anya with the trick-playing *Carlotta*, who explodes from a truck that is part of the furniture painstakingly restored to the nursery by old Firs. And Firs, a study in decrepit verisimilitude gradually overtaken by political fervour, is a beautiful piece of work by Ronnie Letham. He also fills in as the upstart Lophakin, snarling suspiciously at Holmes and Watson.

The detective and doctor enter the premises passing themselves off as mining engineers, and Anthony Higgins and Ian McNeice strike up a nicely contrasted relationship while delving deeper into a mystery that also implicates a mendicant orthodox priest, Mia Soteriou's resentful Varya and Adrian Edmondson's superciliously superior Trofimov.

Gillian Barge lays on the Russian emotionalism as Ranevskaya whenever the drowned son is mentioned, and the mystery is arbitrarily solved by a wonderful character unmasking at the end. But too much is left unexplained or indeed just left. *The White Glove* instead of being too clever by half is, in fact, not clever enough.

Anthony Higgins and Ian McNeice: mystery in the Cherry Orchard

The Silver Foxes Trilogy/Gate, Notting Hill

Martin Hoyle

Baldly summarised, the synopses of the plays making up this triple bill seem to lack something. Music, perhaps; or choreography. The trouble with parables is that they need the resonance of either significance or style if they're not to sound *simplistic*.

The opening play, for example, shows us a panic-stricken Nazi in the last days of the war bribing a Jew into an exchange of blood. Fifteen years later the blood, tainted with cancer, is killing the German, while the animals in the Jew's pet-shop are dying. The money has a curse on it. The story has the expectant nakedness of an opera-plot awaiting its vital element.

With the second play, a consistent theme emerges: fear, its destructiveness, and the degradation of those who welcome it. The Viennese-born author, Jakov Lind, fled the Anschluss at eleven and survived the war in Holland with forged papers. His writing ranges from the straightforward menace of Grimm to a convoluted symbolism shot through with wry fatalism.

He writes uncomfortably of how fear corrupts. "When death threatens us we must make death" is the motto of the second play, where a cheerful bird-impersonator, having met Fear in the forest — in black velvet suit and natty shades — has various parts of himself cut off as a cure, culminating in decapitation ("as a bird-impersonator you're *hors de combat*," the doctor remarks briskly).

The final play plunges into murkier writing where the symbolism is as turgid as the swirling waters from which *derelict Anna* has, over the years, saved 600 near-victims. Lind can be more effective with the throwaway line. "First she's got to die of fear—the rest is just a flick of the wrist," says more about terror than any tirade.

Nicholas Broadhurst directs a dedicated cast, among whom David Acton could teach Percy Edwards a thing or two as the birdman masking *angst* with optimism. Tim Hardy, as bitterly surviving Jew and icily menacing death-figure, displays a thin-lipped, bony authority that recalls the young Eric *Porter*.

Open Air Theatre summer season

The 1983 summer season in the Open Air Theatre, Regent's Park, opens on May 26 with five performances of an 18th century English opera double bill. The works are *Thomas and Sally* by Thomas Arne and *Rosina* by William Shield, both directed by Anthony Besch.

There follows a new production of *As You Like It* on June 6 and a revival of *A Midsummer Night's Dream* on June 21. A new musical, *Bashville* by Denis King and Benny Green, opens on August 3. This is adapted from Shaw's *The Admirable Bashville* and will be directed by David William, designed by Tim Goodchild, with Anthony Bowles in charge of the musical direction.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 22–28

Theatre

NEW YORK

Brighton Beach Memoirs (Alvin): As usual, Neil Simon is more funny than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (757 8646).

Showboat (Uris, 51st W. of Broadway): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women reopens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo. (541 8394)

Marcel Marceau (Belasco): If anyone can cheer up Broadway's sagging season it should be France's favourite silent clown. (239 6200)

On Your Toes (Virginia): Natalia Makarova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

WASHINGTON

Make and Break (Eisenhower): Michael Frayn's zany tragicomedy of contemporary salesmanship writ large at convention time gets its American premiere with telly star Peter Falk in the Leonard Rossiter role, directed as in London by Michael Blakemore. (254 3670).

Geniuses (Arena): A takeoff of the shooting of Apocalypse Now in the Philippine jungle captures, if not the real Hollywood, at least the East Coast assumptions about it, which are funny enough. (488 3300)

CHICAGO

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Gardenia (Goodman) John Guare picks a post-U.S. Civil War setting for his latest play, following up Bosoms and Neglect with idealism trying to set down roots in innocent.

VIENNA

Vienna's English Theatre (421 260): Hughie and Before Breakfast: two one act plays by Eugene O'Neil. (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon).

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable potpourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

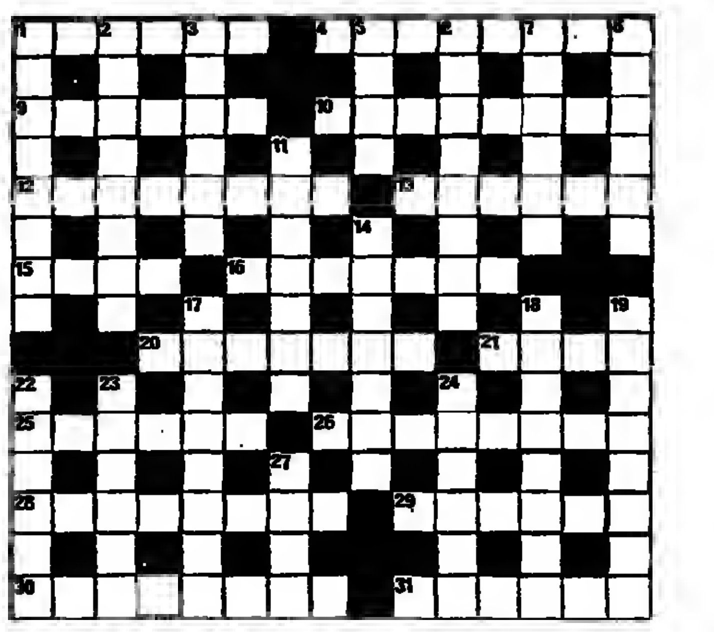
Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play starring Toyah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

F.T. CROSSWORD PUZZLE No. 5,157



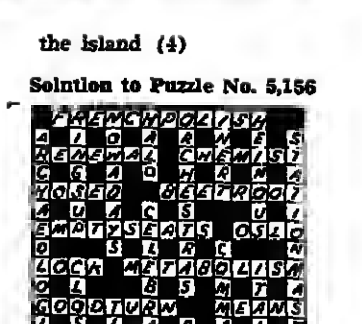
ACROSS

1 Restrain anger (6)
4 Pets retreat (4, 4)
9 A steep currency conversion (8)
10 Supports family with military protection (8)
12 Russian writer puts back opening and takes Press in (8)
13 Navy involvement in ship's starting point is essential element (6)
15 Quickly caught (4)
16 Pointless injunction to wastrel (7)
20 Choke with rubbish in entrance (7)
21 Man with quiver is affected when *Queen is lost* (4)
25 Entreaty with a gentle ring to it (8)
26 Holidays in remote places (8)
28 Guide or governor (8)
29 Get round barrier with rope on (6)
30 Soft, and giving up (8)
31 Search for animal (6)

DOWN

1 Sheriff's officer has to reward employees for service (8)
2 Chatelaine puts emphasis on the road (8)
3 Here it changes to alternative version (6)
5 Drawn? Fixed! (4)
6 The material returns on poetry are wicked! (8)
7 Obliquely, like a German philosopher (8)
8 The sort the French inspire (6)
11 Boarding house for retired people? (7)
14 Smoother compliment (7)
17 Stable could be clean inside but not good outside (8)
18 Salvation Army is embraced by commoner militant christian (8)
19 Box fastening made from wood (8)
22 Holiday distress signal (6)
23 Press gets confused about article in short supply (6)
24 Get rid of class (6)
27 Complain there's nothing in the island (4)

Solution to Puzzle No. 5,156



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Wednesday April 27 1983

Europe comes last

THE WEAKNESS of Europe's position in high-technology industries stems in part from the fragmentation of national markets. Until there is a unified European market, manufacturers will not enjoy the economies of scale that are available to their Japanese and American rivals. These are propositions which member governments of the European Community are, in principle, very ready to support. But when it comes to detailed negotiations on specific issues, nationalism rears its bead again. This applies particularly to the adoption of common tecbnical standards in such fields as broadcasting and telecommunications.

Earlier this year the UK decided to adopt a U.S.-based system for the new radio telephone network — a decision which was strongly criticised by the French as barmful to the cause of European industrial collaboration. The latest example concerns the attempt to work out a single European standard for direct broadcasting by satellite (DBS), which several European countries are planning to start in the next two or three years. Unless there are some unexpected changes of mind in the next few weeks, the UK is likely to go it alone with a system known as C-MAC, while the French and Germans will proceed with the SECAM/PAL system. One consequence is thet DBS receivers will be produced in small volumes and at higher cost.

As always the technical issues are complex. The advisory panel set up by the Home Office and the Department of Industry concluded last year that C-MAC was technically superior and should be adopted for the UK. A firm and prompt British decision, the panel said, "would usefully influence European opinion" at a time when European broadcasters had not yet agreed on a common standard. That hope appears to have been disappointed.

A last-ditch effort should certainly be made to reach a European agreement, but the affair suggests wider lessons on how technical decisions of this kind should be handled. The present tendency is for governments to work out what is best for themselves, then to start negotiating with others; by that time vested interests are involved and agreement is elusive. A European approach must come at the start of the decision-making process, not at the end.

Links with Japan

IT HAS been a remarkable *volte-face* by the French Government as owners of the electronics group Thomson-Brandt. Eighteen months ago the Government prevented the company from participating in a joint venture with Thorn-EMI of Britain and AEG-Telefunken of West Germany to build Japanese JVC video-cassette recorders in Europe. It considered the idea insufficiently European. If Britain and Germany were ready to become "nipponise," France was not.

But the European alternative, a merger of Thomson with Grundig to manufacture machines using a system developed by Philips, fell prey to the combination of intra-European corporate rivalry and old fashioned nationalism to which such European solutions are prone. West Germany was unwilling to see its television industry dominated by a French company, while Philips was torn between enthusiasm for and mistrust of Thomson's initiative. The deal fell through.

Now Thomson bas bought Telefunken from AEG and is back on an improved version of its original track with the Japanese. The French Government is pleased that JVC will be supplying France with the technology for a Frencb VCR industry and will probably dismantle its imaginative video-checkpoint at Poitiers through which all imported VCRs bave been forced to flow. Philips is very disappointed that its bopes for a European video force have been damaged in this way.

The vision of the European solution always had a worrying side. The small market share of the Philips system, the records and rivalry of the companies involved, the obvious technological advantage of the Japanese—they made it seem all too likely that the European consumer would be forced to pay more for a European VCR by being "protected" from a Japanese one. The recent trade agreement between the EEC and Japan limiting Japanese VCR imports and guaranteeing the Philips system a certain share of the European market was a big step in the wrong direction.

It may perturb Europeans that Japan has stolen a march on them in the video industry but it is a fact to which the European electronics industry would do better to adapt and respond than belatedly resist. France, the UK and West Germany will now find themselves pulling together in making the most of Japanese technology and in making sure that the Japan-EEC trade agreement does not actually frustrate their attempts to import the Japanese components they will need.

Portugal's hard task

THE INCONCLUSIVE result of the Portuguese general election has come as a disappointment to the international community, which was hoping for a strong government to solve the country's mounting economic problems. Though the Socialists, led by Sr Mario Soares, topped the poll with about 39 per cent of the votes, compared with 28 per cent in the last election in 1980, they failed to obtain an absolute majority of parliamentary seets. The laborious business of coalition-building is likely to take a long time. The inevitable compromise which Sr Soares will have to make in the process could water down his best economic intentions.

Sr Soares' medium-term economic policy, as expounded during the election campaign, is impressively realistic for a Socialist politician. Unlike M Francois Mitterrand on his election as President of France, Sr Soares has no illusions about the sariousness of his country's economic plight and the bitter remedies which must be applied. He has already warned the Portuguesa that they face two to three years of austerity.

Economic mess

To do as well in the election as the Portuguese Socialists did on such an unattractive platform is an indication of the unpopularity of the previons centre-right government, whose life was marked by continuous bickering between its 3 coalition partners. That government has certainly left the next Portuguese Prime Minister with a greater economic mess to clear up than either M Mitterrand or Sr Felipe Gonzalez, the Spanish Socialist Prime Minister, faced wben they were elected. It is arguable that the relatively healthy state of the French economy in the spring of 1981 gave M Mitterrand at least a reasonable alibi for pursuing a relatively expansionary policy. Sr Soares, if he leads the next government as seems likely, does not have such an option.

The legacy left by the previous government is indeed beavy. Large and continuing public sector deficits—the result, in part, of the wholesale nationalisations which followed the 1974 revolution—have never been brought under control. They have made a big contribntion to monetary growth and high inflation which, last year, attained 22 per cent.

The balance of payments deficit, which reached a record \$3.2bn last year, is again expected to amount to \$2.5bn in 1983 and the effect of this year's severe drought could add several hundreds of millions to this sum. The foreign debt now totals \$13bn, more than twice as high as four years ago.

In order to finance its balance of payments deficit and foreign debt repayments, Portugal will doubtless require large foreign loans, however willing the new government may be to dig into the country'a substantial gold reserves. What Sr Soares appears to have realised rather more clearly than the previous government is that these loans will be forthcoming only if the new government can persuade international bankers and the IMF that it is putting its economic house in order. An IMF mission is due to visit Lisbon in July but will certainly expect to be presented with a viable medium-term economic plan before it agrees to start negotiations on a loan.

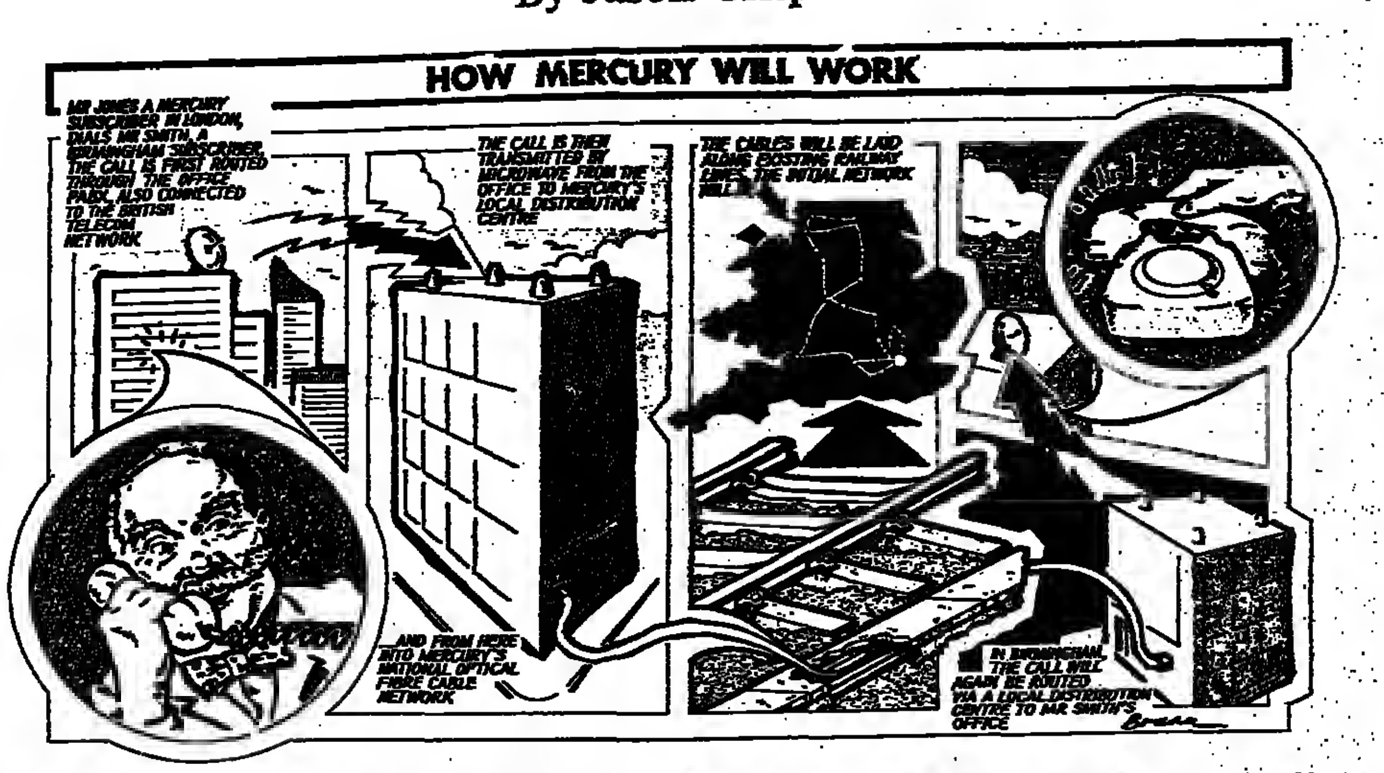
Public sector

Foreign loans by themselves, however, will he insufficient to guarantee the success of economic policy. The new government would do well to take up its predecessor'a proposal to create an institute of financial management for the public sector, whose performance has been one of the weakest elements in the economic situation. Incentives should also be provided to make industry more internationally competitive. The new government should never forget that one of its main tasks is to prepare Portugal for EEC membership.

BRITAIN'S TELECOMMUNICATIONS

A very discreet revolution

By Jason Crisp



IN THE next few days Mercury, Europe's first national private telecommunications service, will slip as unobtrusively as it can into service in the City of London.

There will be no fanfares. The fledgling company faces union opposition, a fierce counter-attack from British Telecom and, for now at least, an embarrassing shortage of customers.

Mercury is the most dramatic result so far of the Thatcher Government's liberalisation of telecommunications in the UK. For the first time the telecommunications network monopoly—which dates back to the last century—has been broken. Three of Britain's blue chip companies—Cable and Wireless, BP and Barclays Merchant Bank—are putting an initial £60m into the new venture. The new company is out to capture the most lucrative parts of Britain's £5bn telecommunications business.

Mercury won its licence in February last year after months of haggling and the Government always saw it as crucial that it should be well established before a general election.

In the event, however, the original proposals have had to be radically rethought. The whole operation has turned out to be much more complex than the "simple" idea with which the company began. This was to provide large organisations with high volume data and voice communications using city to city lines which could be leased to individual customers using latest technology including optical fibre cables laid alongside British Rail's tracks.

A number of the present difficulties appear to have been unforeseen at the outset:

- Mercury greatly underestimated British Telecom's swift and aggressive response to the prospect of competition.
- The cost of making the final link between the Mercury network and local customers' offices is proving a major headache. On a typical long distance trunk ronte the installation cost per circuit can be as little as £5 a kilometre compared with thousands of pounds per kilometre for a local link.
- The market for so-called dedicated lines is less than 4 per cent of the total telecommunications network business.
- The geographic limitations of the proposed basic network, which does not go further north than Leeds, restricts its usefulness to many organisations.
- The large organisations on which Mercury planned to concentrate, represents only a small part of the total market.

From the start Mercury has been dominated by Cable and Wireless which was first invited to take part in the consortium by the Industry Department because of its substantial telecommunications expertise running networks in other countries. But close observers say that, ironically, Cable and Wireless may initially have been too influenced by its own monopoly experience in places such as Hong Kong and Bahrain.

The Government wanted Mercury to be fast-moving and entrepreneurial like some of American Telephone and Telegraph's competitors in the U.S., such as MCI. One person closely involved with Mercury said: "It is in danger of being a gold-plated service with an emphasis on fancy technology. MCI on the other hand is very lean and cost conscious only using the most cost effective technology."

Under pressure from other shareholders, particularly BP, Mercury has now begun to widen its horizons. Changes include the rapid introduction of switching to enable Mercury customers to switch to each other, wider geographic coverage, marketing to much smaller organisations, and a much broader approach to technology. At a later date Mercury's customers may also be able to switch in and out of the BT network, something that the majority of MCI's customers can already do with existing networks in the U.S.

Scicon, the computer consultancy subsidiary of BP, has recently conducted a study on Mercury's switching needs and its requirements are expected to be sent to manufacturers in the next two months. Over time, switching will enable Mercury substantially to widen its customer base. The bigger Mercury's network, the harder it will be for BT to undercut its price.

The geographic issue is a vital one. There is likely to be fierce competition between BT and Mercury to supply the Government which spends £225m a year on telecommunications. But many government computer centres, for instance, are outside Mercury's proposed network including the Land Registry at Plymouth, the Driving Licence Centre at Swansea, Customs and Excise at Southend and Department of Health and Social Security at Newcastle.

Mercury has a number of options available for extending its basic network including leasing private circuits from British Telecom or using satellites. Mercury is, for example, currently looking at the possibility of using the Intelsat international communications satellite over the Atlantic which is normally used for calls to North America. It could be used for internal UK communications which would give Mercury immediately available—but expensive—national coverage.

Meanwhile the new company is still struggling to find ways of reducing the cost of making the local links at each end of its lines. This problem is all the greater now that it intends to broaden its market. One option is to lease lines from British Telecom which makes it vulnerable to the whims of its major competitor.

Other options include leasing ducts in the ground from organisations like London Hydraulic Company, using special low-powered local microwave links and laser communications.

In the longer term Mercury may also be able to use cable television networks. The Government has already said that Mercury and British Telecom will be the only organisations allowed to carry voice on cable television networks. (Cable television operators are also likely to be major customers for Mercury's main network—they will use it to transfer programmes around the country.)

International calls will be a major source of revenue for Mercury. It is building a large "earth" station in London's dockland which will enable it to send calls to the U.S. via a satellite. Under the current licence Mercury can only offer leased circuits to U.S. destinations. But under the British Telecommunications Bill currently going through Parliament it would be permitted to offer a switched service, in other words a Mercury customer would be able to dial anyone in the U.S. International telephone calls are the most profitable of all especially the very busy trans-Atlantic route.

Perhaps the most dramatic change of all has been BT's response to Mercury. When the company first drew up its plans it was impossible to lease a digital circuit from BT and even an ordinary conventional analogue circuit could take a remarkable 18 months to be installed. Now BT has significantly reduced the waiting time for all private circuits. In addition it is installing new digital services in a far-reaching network several times larger than Mercury as part of its new National Networks organisation.

Despite all the unexpected problems it has encountered there is still every chance that Mercury will be profitable. One analyst recently predicted that by 1990 it might have revenues of £500m and profits of around £50m. But there is a small group of people who argue that if the Government really believes in open competition it should not limit itself just to replacing a monopoly with a duopoly.

If the Conservatives are returned after a general election pressure is likely to grow for yet more competition.

WHY MERCURY AND THE UNIONS STILL HAVE A CROSSED WIRE

THE FIRM refusal of the Post Office Engineering Union to "interconnect" Mercury with the British Telecom public network is set to cause major headaches for BT, Mercury and the POEU itself over the coming weeks.

The first interconnect will go ahead in the next few weeks at Mercury's beadquarters in Longacre, Covent Garden. It is a relatively simple operation which could—and probably will—be done by some of BT's non-POEU executive engineers. But the industrial relations consequences of such action may be serious.

The Mercury issue does not lend itself to compromise and the POEU—which represents the vast majority of BT'a engineering grades—is in a volatile mood. The blacking of Mercury and the campaign against the privatisation of the whole system are directly linked by the union. Selective industrial action has already been launched against BT in Whitehall to underline the point.

Ironically it was the effectiveness of similar selective action in the City in 1978—in pursuit of the 35-hour-week—which created a crescendo of complaints against BT's services and led to the first stirrings of interest in an alternative network.

That alternative is now almost operational and has already asked BT for the first of the three levels of interconnection it requires at Longacre.

The news that Mercury may not be ready for another "week or 10 days" causes a few chuckles at POEU headquarters where they have been waiting for the "advice note" for the work to be delivered for over six weeks.

Mercury strenuously denies it has been dragging its feet or shying away from a showdown with the union. BT, which has made no secret of its hostility to Mercury, will have to bear the brunt of the problem but also now claims to be ready for the go-ahead. Mr Pat Haville, deputy general manager of BT's London North Central Area, which covers Longacre, said: "We do expect a bit of trouble, but the interconnect will certainly be made."

But another senior BT manager admitted that it was "rather a pity" that the Longacre office was covered by the POEU's militant London North Central Internal branch. The POEU leadership would echo those sentiments. They have already had to slap the branch into line when it over-enthusiastically decided not to provide Mercury with 30 ordinary BT lines.

The level one and two interconnects do not give Mercury access to the public telephone network and are in essence similar to the common private links between the different offices of large companies. Level one, which connects Mercury's microwave radio system to BT maintained switchboards, saves Mercury's customers from having to buy a new set of phones and undergo an expensive rewiring job and is thus commercially — if not technically—important.

Level two simply involves linking Mercury to its customers via BT leased lines. It is only at level three (not due for two years) — which gives access into and out of Mercury through the public network — where interconnection becomes absolutely essential.

But Mercury is not going to postpone the interconnection issue for two years. The POEU is also unlikely — at least at local level—to wait for the level three interconnect before blacking. The union believes the initial interconnect will provide a showcase for Mercury and also fears that much of the consequent interconnect work could be done through software changes.

Mr Bryan Stanley, POEU general secretary, says the union has nothing against competition but it must not be "parasitical" on BT's own network. Ha is equally concerned, however, that the carefully controlled anti-privatisation campaign is not upset by an explosion of unrest over the comparatively minor Mercury issue.

The union leadership feels threatened by privatisation, threatened by other unions (an ASTMS official compared the POEU attitude to Mercury with that of the liberal establishment towards the birth of ITV) and threatened by an influential left-wing bruising for a fight.

The silent majority at London North Central branch may yet prevent the action on interconnection spreading beyond a token gesture. If they don't the executive will face a real problem. As one senior POEU official said: "Once they're out how do you get them back when there's no room for compromise. Either Mercury is connected or it is not."

David Goodhart

Men & Matters

Fireproof films

As the money rolls into the box office the film Gandhi is raising smiles in a great many business enterprises linked in various ways to the commercial fortunes of the epic.

One of the very few to have already taken his profit is Richard Barry, aged 40, manager of the Fireman's Fund Insurance Companies entertainment industry division.

He insured the making of the \$20m film for a premium of several hundred thousand dollars. He has now been able to close his books with a good profit after a production programma which was remarkably trouble-free considering the difficulties that faced prodncer-director Sir Richard Attenborough on location.

The improbably named Fireman's Fund now insures more than 70 per cent of the films made in the western world earning a fee income from the business of some \$30m a year.

The film division of Fireman's is conveniently based among the stars and near tha studios in Beverly Hills, Los Angeles.

By the way, the name recalls the early days of the company when Americans paid into a mutual fund for the provision of fire protection from privately-financed fire stations.

Nowadays the company is a subsidiary of American Express.

I tracked down Barry to Pinewood Studios, London, where be was discussing details of insurance cover for the production of the new film Supergirl.

Having profitably provided cover for the British production Chariots of Fire as well as Gandhi he is disposed to be almost lyrical about the current resurgence in British film-making.

He says, "I think a lot more films which will be commercially as well as artistically successful are going to come from British studios." Some 15 per cent of the Fireman'a Fund film cover is now for British and Australian productions and he is expecting the figure to grow.

For the time being he is happy to be insuring Supergirl and two projected James Bonds at premiums averaging between 3 per cent and 3½ per cent of the net film hudgets.

Small business

Reader G. A. Campbell of Derby was attempting to repair a desk bought from Habitat as a Christmas present.

His five-year-old daughter asked, "It isn't Father Christmas's fault, is it? To which he replied: "Of course not, dear. It's Sir Terence Conran's."

Daughter looked puzzled, "Oh, is he one of Father Christmas's dwarfs?".

"My client managed to go straight until the start of the probation officers' strike this morning."

Memory test

If you have trouble remembering tha names or initials of everyday chemicals such as polypropylene or pvc then pity the poor chemist who, according to the magazine Science, must now cope with 1,000 new ones every day of his working life.

Tha American Chemical Society is responding to the inventiveness of its members by giving each new concoction a serial number. The list has just topped the 6m mark — which must be an occasion for a celebratory snort of ethanol.

For the connoisseur, number 6m is called 2-cyclobexyl-3-methyl - 4 - (pentylamine) - 2-cyclopentene-1-one.

Science adds that tha register goes back only as far as 1965—long after most of us were stirring saltpetre, sulphur, and carbon, together in the hope of enlivening the chemistry class.

The tally for the half-century before that was only 1.3m. Clearly there has been some recent inflation in the business of inventing new chemicals.

It comes as a relief to learn that most of the chemicals are in the nature of being collectors' items. Only about 63,000 are reckoned to be in common use.

Postal bargains

Irish businesses which have been hoping to save on their postal costs by nipping across the border to take advantage of the Royal Mail's lower rates are facing an unexpected problem.

The Irish Post Office has activated an obscure law "The Post Office (Evasion of Postage) Act of 1937, to stop them. The Irish authorities are empowered under the Act to seize mail posted outside the country with the intention of avoiding postage when delivered inside.

Present postal rate differenca between the Irish Republic and Northern Ireland mean it is up to 10p cheaper to post a letter in Northern Ireland.

Firms along tha border have been taking full advantage of the difference sending messengers across with their mail.

Now 100 letters posted by a firm in Monghan just inside the Irish Republic have been seized and the Irish postal authorities are demanding that the firm pays tha postal difference before it will deliver.

But even this story of official avarice has a silver lining—for some. Most of the letters seized were bills. Teh intended recipients are reported to be very happy at their government's action.

Pop art

The prospect is that plentiful belpings of codswallop will be dished up between now and the General Election.

But I have been warned to choose my words carefully. An FT man at this week's brewing exhibition at Birmingham has been told that to use codswallop as a term of abuse is to malign an enterprising Londoner, Hiram Codd.

In 1870, Codd patented a soft drinks bottle with a glass marble in its mouth to keep in the fizz.

"So universal did the Codd bottle become," says the National Association of Soft Drinks Manufacturlers, that the name Cadd became synonymous with soft drinks . . . Hence beer drinkers' scathing remarks about Codds Wallop.

Poor response

An Andorran was telling a friend. "In church last Sunday the priest was saying that the wealthy should give to the poor. And already there's been a response—the poor say they will accept."

Observer

REAGAN'S PUBLIC STANDING

The defence doubts mount

By Reginald Dale, U.S. Editor in Washington

"WANTED: Wisdom and Honesty" demands an increasingly dilapidated, dated postcard *propped against the White* House railings. Its tall, red-bearded custodian, who has maintained a month'long vigil at the rough Washington equivalent of London's Speaker's Corner, is curiously both in tune and very much out of tune with the mood of the nation. Three months into the second half of his four-year term, Americans remain divided, and are becoming *increasingly* confused about President *Ronald* Reagan.

Honesty is the top characteristic that the vast majority of Americans still ascribe to Mr Reagan, whether they agree with his policies or not, according to a recent poll.

His simple, genial California-style straightforwardness does not appeal to East Coast intellectuals, or indeed to intellectuals anywhere—Mr Reagan has never made any pretence of belonging to their ranks.

But few of even his most bitter American opponents react to him with the almost hysterical *mixture of fear* and contempt that he seems to evoke so widely in Western Europe. An *increasing* number of Americans now oppose the scale of his arms *build-up* and believe that war is becoming more likely.

It would be hard, however, to find an American who seriously believes he is planning a nuclear conflict.

Outside the nation's decaying industrial centres and its sophisticated, mainly coastal cities, Mr Reagan's patriotism and his attachment to simple homespun values continue to strike a deep chord in a nation that believes *it is the best and greatest on* earth and has, therefore, both the right and the obligation to be the strongest.

His appeal to the gut instincts of a vast section of the white American public, especially *among the growing populations* of the Mid-West, the South, the South-West and the West, has helped to sustain him through the worst recession since the great depression of the 1930s and record post-war unemployment—in a way that an unpopular President could never have got away with. It is true that approval of his performance as President sagged sharply around the turn of the year.

Since *January*, however, Mr Reagan's performance rating has started to edge upwards. Earlier this *month* a poll, *for* the first time in many months, put him just ahead of his two current main Democratic rivals *if* he runs again in 1984.

The picture remains confusing. While trusting and approving of him personally, *most* Americans disapprove of at least some of his specific policies, whether military, social or economic.

The evidence that recovery is on the way, if only with moderate *vigour*, is now *virtually* unmistakable, but Mr Reagan has not yet succeeded in convincing the majority of the voters that his economic policies have worked. Unemployment remains the prime concern *in the country as a whole*

As presidents have often done in their third year—traditionally deemed vital for re-election prospects—Mr Regan is now turning the spotlight away from domestic affairs and onto *foreign* and *international* security problems that political advisers often, rather strangely, seem to think are somehow "easier."

The problem for Mr Reagan is that the two main foreign policy *issues* with which he *is* confronted — the Middle East and Central America — are quagmires into which he risks being sucked still deeper the harder he struggles to impose a solution. On Central America, the Democrats on Capitol Hill are not going to help Mr Reagan, knowing full well that it is in their, admittedly somewhat cynical political interest *for the war still to be around* as an election issue next year.

But there is one area in which the man with the red beard has really hit the nail on the head in calling for White House "wisdom," and that is the whole field of defence and arms control policy, which Mr Reagan has deliberately chosen to elevate above all else as a political issue in the past few weeks. Coincidentally, it is also on this point that his famous "honesty" is most open to question, as an an increasing number of Americans, though not nearly as many as West Europeans, are beginning *to* question the sincerity of his commitment to genuine arms control agreements with the Soviet Union.

If there is one single issue on which a majority of Americans now disagree with Mr Reagan, it is his arms build-up. *The mounting wave of concern* over America's decline as a super-power, on which Mr Reagan rode to victory in 1980, has ebbed — to be replaced by agonising anxiety over jobs (an astonishing 43 *per cent of* American households are estimated to have been touched in one way or another by dismissals, lay-offs and *shorter* working hours) and the rising tide of the nuclear "freeze" movement, which is now *lapping* round the steps of the Capitol itself.

Mr Reagan is totally convinced that his over-riding mission as President is to re-arm America, so as to bring the nation back to the position of at least equal No 1 superpower with the Soviet Union and preferably to absolute superiority. Rather than compromise, he has chosen to confront both the "freeze" movement and the *defence budget-cutters in Con*gress head on. The tactic is almost certain to be counter-productive.

His hardline approach, shared and encouraged by Mr Caspar Weinberger, the Defence *Secretary, has virtually* ensured that he will get a smaller increase in the defence budget than he could have settled for by compromising and at the same time is encouraging the public perception of him as a "warmonger" — a perception that has only been reinforced by last month's misguided Star Wars speech and his bellicose description of the Soviet Union as an "evil empire."

Random interviews with Americans from all parts of the country in the past week have *only reaffirmed the message* that is being drummed home by the opinion polls and by members of Congress who have recently visited their constituencies—there is a rapidly spreading grassroots revulsion *against* the *arms race* in general and Mr Reagan's exorbitant defence spending plans in particular.

The manifest imbalance between defence spending increases and domestic spending cuts is making previously loyal Republicans on Capitol Hill *more and more uneasy as 1984* approaches. The last week has seen the unusual spectacle of Republican members of the Senate Budget Committee openly defying the President on his 1984 budget and House Republicans have rebelled against his policies on Central America.

The inescapable conclusion is that they are deliberately distancing themselves from Mr Reagan *before presenting them*selves to their own electorates —*although, it is* notable that most of the rebels come from declining industrial areas in the North-East, where unemployment is highest and social spending cuts hurt the most. The Democrats are licking their lips *at the prospect of a split* Republican Party in the Senate, which could allow them to dominate both Houses of Congress in the pre-election period.

It is far too early, however, for the Democrats to uncork the champagne. *Opinion polls* have consistently shown over the past two years, and still *show*, that while the electorate disapproves of many Republican policies, it does not think much of the Democrats, either.

*Many of their traditional sup*porters, notably women and blacks, are warning the Democratic leadership that it can no longer automatically count on their support, and Democratic presidential hopefuls like Mr *Mondale are increasingly being* forced to take protectionist positions to carry the trade unions. Mr Harold Washington's remarkable success in becoming the first black mayor of Chicago this month has put further steam behind the controversial idea of running a black presidential nominee in the Democratic primaries. That could split the liberal vote, and *ultimately perhaps cause blacks* to stay away from the polls in the presidential election if they feel frustrated by the outcome.

The major unresolved question, however, is will Mr Reagan run again? He has almost certainly not yet finally made up his mind, and is unlikely in any case to announce his decision before the autumn. But all the signs are that he wants to—subject to considerations of his health and his assessment of his prospects of winning.

Most Washington pundits believe that he has a good *chance of winning if he runs.* Mr Mondale's advisers openly admit that he would be "a hard man to beat." The man with the red beard may have to face the gruesome prospect of nearly six more years demanding wisdom and honesty on the pavement of Pennsylvania Avenue.

British banks

Some myths about bank profits and taxes

By Dr Jeremy Edwards and Dr Colin Mayer

IN HIS Budget speech of March 1981, the Chancellor of the Exchequer announced that, since "the last year has seen further high banking profits, probably at a level not very different from the record profits of 1979," a windfall levy of £315m would be imposed on the clearing banks. So a Government desperate for revenue found *itself* reluctantly drawn into a debate about the profitability and taxation of banks that has rumbled on ever since. While the intensity of the debate ebbs and flows with the current earnings of the banking sector it is clear that this is an *issue which will haunt the City* and the Government for some years to come.

If the Government sought any serious justification for this extraordinary taxation, it was based on a popular conception of a *banking sector* making "obscenely" large profits and paying disproportionately little mainstream corporation tax. This combination of circumstances results from the banks' ability to claim capital allowances on assets—usually plant and machinery—that they buy and then lease to other companies thereby eliminating much of their mainstream tax liability. Furthermore, the common folklore continues, these allowances are being claimed on assets that manufacturing companies are using and that were never intended to benefit the banking sector at all.

A serious consideration of these assertions raises two questions: first, is it true that banks have been earning excessively high profits and, second, have they been employing leasing activities to their advantage? It is well known that banks enjoy an "*endowment effect*" *during periods of* high interest rates by lending at an interest rate above that at which they borrow. Conversely, when interest rates are low, banks' earnings are depressed. These highly volatile movements *invalidate an assessment of* the profitability of the banking sector over a short period of one or two years and encourage the sort of misleading statements that the Chancellor made in his Budget speech.

Instead, in our report* we examined banks' profits over the nine years from 1973 to 1981, being careful furthermore to correct for distortions resulting from inflation and taxation. The conclusions that one draws are dependent on the precise definition of profitability employed, impression created is *of a banking sector earning* returns which are in line with those in the industrial and commercial sector as a whole. There is therefore no support for the claims that banks are "obscenely" profitable.

On leasing, the observation that banks have been able to eliminate their taxable profits fails to take account of the fact that banks have at the same time been charging correspondingly low lease rental rates. For, by charging a lease rental below the prevailing interest rate, the lessee is indirectly receiving some of the capital allowances associated with the investment expenditure. To determine the extent to which banks have gained from leasing it is necessary therefore to establish the division of the benefits between lessor and the lessee.

> The shortfall to the Exchequer could have been more than twice the windfall levy

Using data on 100 lease *contracts initiated between 1977* and 1982, we computed the value of the contracts to the lessors and lessees in relation to an equivalent loan. The total benefits to be claimed from leasing are dependent on the tax position of the lessee but what we found was that, assuming the lessee to be permanently non-tax paying, around 80 per cent of the benefits appear to accrue to the lessee and just 20 per cent are retained by the banks.

Again, a superficial assessment *is highly misleading* for it fails to reveal the true position that a majority of the capital allowances associated with leasing is being passed on to the ultimate users of the capital and only a small proportion is being retained by the initial claimants, the banks.

Folklore therefore fares badly in a more rigorous analysis and to our minds the debate about the taxation of banks has been completely misguided. Since attention has been diverted by irrelevancies, the real questions about bank taxation have not as yet come to the fore. The more substantive problems arise from the manner in which banks charge for their services and the way in which they as a consequence construct their accounts.

Banks implicitly impose a charge by setting a differential between the rates at which they borrow and lend. As a consequence, depositors do not pay explicitly for the chequeing and other services they receive and borrowers are not billed explicitly for lending facilities. Instead, depositors earn a lower interest income and borrowers pay a higher interest charge. Once stated in that way, it becomes obvious that a system of taxation based on the income of recipients is severely distorted by a convention of substracting service charges from income. Indeed, on the basis of some very approximate calculations, we estimate that this convention may have cost the Government some £400m in 1981. But, in addition, the failure to account explicitly for services has meant that it has been impossible to levy VAT on banks. This may have cost the Exchequer around £300m, which means that the total shortfall could have been more than twice the windfall levy that was arbitrarily imposed.

These distortions resulting from accounting procedures are not peculiar to banks but afflict other financial services such as insurance; an extension of VAT and income tax should not therefore be restricted to the banking sector alone. Obviously before this is done a more extensive analysis than was possible in our report is required. It is a pity that attention has been diverted from these fundamental questions and with so ill-conceived a debate to date, one can but fear a return to revenue raising without reason.

* *Issues in Bank Taxation. Institute for Fiscal Studies, 1-2 Castle Lane, London, SW1E 6DR, published tomorrow, £5.*

Jeremy Edwards is a Fellow of St John's College, Oxford. Colin Mayer is a Fellow of St Anne's College, Oxford.

Letters to the Editor

Legislation on trade mark protection

From Mr I. Baillie.

Sir, — Since the private Member's Bill was introduced which will create service mark protection under the UK Trade *Marks Act*, I have been surprised at the spontaneous interest in and support for the Bill which has been evidenced to me.

It is with astonishment therefore that I learn that the Government is taking the position that there is no particular evidence of support or need for this legislation. I have had ample experience of the tremendous advantages of this type of protection for U.S. commerce. I also have practical experience of the detrimental effect on British commerce when it comes to expanding into the United States because of the lack of this legislation as compared to the situation for German commerce.

The Government has stated that there is Common Law protection but this is a non-sequitur since there is also Common Law protection for trade marks of any type and it was precisely because of the inadequacies of *such protection* that trade mark legislation was originally enacted. On the Government reasoning we could abolish all trade mark legislation rather than undertake the logical expansion.

We have been advised that proposed legislation would cause some difficulties in the Trade Mark Registry. Only a very *small number of people* will be required to implement this legislation. *For* a Government committed to good management it seems extraordinary that it has to admit that it is unable to organise the necessary management for such a small change in a relatively substantial organisation. The Trade Marks Registry has had its difficulties but has been valiantly overcoming them so that by the time this legislation is enacted, the present difficulties should not present any further problem.

The Government and the Prime Minister have committed themselves to assisting innovation in British industry and commerce—it seems a pity that they are so lacking in enthusiasm for the practical implementation of protection of this aspect of innovation.

Iain C. Baillie.
High Holborn House,
53-54, High Holborn, WC1.

Bills of lading procedure

From Mr J. Raven

Sir,—Lord Jellicoe's discovery (*your news item "Jellicoe seeks* better data flow" April 21) that 60 per cent of all initial applications for payment under documentary credits are currently rejected because of some inaccuracy or inconsistency in the paperwork casts no particular reflection on the UK trader. In the U.S. a few years ago the corresponding figure on the west coast was 75 per cent.

The basic problem lies in a complex, 19th Century paper-based procedure operated through an indifferent postal system. Air freight, short sea and container movements have largely opted out of this documentary credit/bill of lading hassle though some governments, mostly in developing countries, have an almost superstitious belief in its mandatory use as a means of exchange control.

Yet commodity trades — including oil — still want the flexibility of this payment method even though its efficiency and security leaves so much to be desired. The resulting residual usage is not merely a costly slot in the banks' circulatory systems but an open — often accepted — invitation to fraud and a chronic cause of delay at major seaports while the paper catches up with the consignments.

We *must applaud efforts now* being made to reduce some of the more acute defects of this procedure—notably the current proposals for a register. This would move the essential information very rapidly within a secure computerised communication system, applying useful disciplines to cut clerical error and *overcoming the physical* handicaps of an unreliable postal system.

In the end, however, we need a radical functional analysis of all the commercial and official needs now met by traditional procedures and a careful assessment of the extra benefits and facilities which might reasonably be expected from modern telematic solutions.

Britain could well take a lead in devising and negotiating the necessary new synthesis to the great advantage of our bankers, traders, carriers and informatic industries. Lord Jellicoe and the British Overseas Trade Board could usefully stimulate reform by focusing government and business attention on this undramatic but very real handicap on our *international trading* efficiency.

John Raven.
38 Ainger Road, NW3.

A tax on land values

From Mr V. Blundell

Sir,—Mr Lawrence Linehan in *discussing local rates* (April 22) makes a positive case for levying local taxes on land values and rejects a local sales tax, but there is more to a change in the rating system than an option between sources of revenue. What has to be considered is the economic effect *of abolishing the present system* and replacing it with any of *the other options. Present rates,* indirectly, clumsily and partly, rate land values and in the long term higher rates under the present system always mean lower property prices and rents. Conversely, lower rates mean higher land values.

The rent of land is a residual and captures what is left after the other expenses in the occupation of land have been met. This was exemplified in the "Fares fair" scheme when property prices began to rise in those areas where commuter fares were substantially reduced.

The real battle of the rates *is between those who want to* keep property (land) prices up and those who want to keep them down.

The advantages of the present system would be extended by a tax levied directly upon land values and would have the additional advantage that the burden of extra rates inflicted upon people who improve their premises would disappear.

V. H. Blundell.
63, Oaklands Avenue,
Brookmans Park,
Hatfield, Herts.

It is people who matter

From Mr S. Reiss

Sir,—Antony Thorncroft is *surely* a little unkind to the artist when (April 23) he says of an attractive portrait of a young girl "Is it late-18th century or much earlier? Who cares; what matters is its charm"

Isn't this like enjoying a good meal and remaining firmly indifferent *as to who cooked it?* It would be a sad day if we lost all sense of obligation to discover the identity of those who have helped make our life more enjoyable simply because they are dead.

Stephen Reiss,
10, Market Cross Place,
Aldeburgh, Suffolk.

Statutory sick pay

From the National Chairman, National Federation of Self-Employed and Small Businesses

Sir,—I note (April 20) that the Government is crowing over the fact that it is all set to save £90m a year from the statutory sick pay scheme.

No one has yet worked out the cost in monetary, administration or harassment terms as far as the empolyer is concerned but, needless to add, it will be at least this figure, if not more. It is for this reason that the Federation has fought this tooth and nail.

Dr Bernard Juby.
Parliamentary and Press Office,
45 Russell Square, WC1.

A bank that won't take money

From Mrs A. Scott.

Sir,—I have an overdraft with a bank. On two occasions I have tried to repay the overdraft in full—on both occasions the bank has refused to accept repayment. Meanwhile the bank continues to add interest to the account.

Obviously since this matter has continued for over two years, I wish this matter resolved. How can I do this?

A. P. Scott (Mrs)
2, Dodds Crescent,
West Byfleet, Surrey.

Half the population can't be wrong

From Claire Gobbi

Sir, — Your correspondent Larry Klinger commenced a paragraph in his article (April 19) on farm prices with the words "Only West Germany, Britain and the Netherlands are reluctant to consider increases." Perhaps he ought to take into consideration that he is talking of a population of 56m in the UK, 62m in Germany and 14m in the Netherlands—ia 132m out of a Community of 270m—a 50 per cent.

Should he not be more positive therefore, and say that half the population of the EEC is opposed to increases in spending on agriculture?

In the formation of public opinion—and the FT plays an important part in this sphere on the European scene—precise language is of the essence.

Claire H. G. Gobbi,
Rue des Deux Eglises 117,
1040 Bruxelles.

FINANCIAL TIMES

Wednesday April 27 1983

Kuwaiti to sit on Hoechst board

By John Davies in Frankfurt

HOECHST, one of West Germany's "big three" chemical companies, is proposing to appoint a high-ranking Kuwaiti businessman to its supervisory board.

The Kuwait Government oil concern is the biggest single shareholder in Hoechst, with a stake of just over 24 per cent.

It was long rumoured that the Kuwaitis were buying into Hoechst. That was confirmed last year with the news that they had built up a stake over two years.

The Hoechst supervisory board is recommending that the shareholders' meeting on June 14 elect Mr Abdul Baqi Al-Nouri to the supervisory board. He is the chairman and managing director of the Petroleum Industries Company of Kuwait.

In the West German corporate structure, a supervisory board – including some worker appointees as well as shareholder representatives – oversees the wide-ranging policies of its companies.

Day-to-day activities are run by a management board consisting of a chief executive and other executives responsible for various departments.

While the chief executive frequently wields the main authority in a company, the supervisory board can dismiss him.

Generally the advantage in formulating and pursuing company policy lies with the chief executive, although there have been cases where a strong personality on the supervisory board has brought about far-reaching changes.

A Hoechst representative said yesterday that the company and its Kuwaiti shareholder envisaged from the beginning not only Arab financial participation but also active co-operation. The proposed Kuwaiti appointment to the supervisory board was a step in that direction.

Arab interests are widely believed to have built up a considerable stake in West German industry in recent years as an outlet for their vast oil revenues.

Kuwait, for instance, also has a 20 per cent stake in Metallgesellschaft, the metals, process plant and chemicals concern, and a stake of about 14 per cent in Daimler-Benz, the motor vehicle manufacturer.

Metallgesellschaft elected to its supervisory board Mr Abdulmalik M. Gharabally, an executive of the Kuwait Petroleum Corporation.

Despite their large investments, the Arabs have tended to keep a very low profile in the West German business world.

There is some speculation, however, that they may be a little concerned about the yield on some of their investments.

Sandoz expands its pharmaceuticals side, Page 13

U.S. may send special envoy to El Salvador

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan is expected soon to announce the appointment of a special American envoy to supervise the elections planned for December in El Salvador, in a bid to head off a mounting Congressional rebellion against his Central American policies.

The White House said yesterday that no final decision had been taken, but that the announcement might be made in Mr Reagan's major address to an unusual joint session of both Houses tonight. Mr Reagan is to use the speech to launch a vigorous defence of his request for additional urgent military aid for the embattled U.S.-backed El Salvador Government and justify the Administration's support for the right-wing rebels fighting the Sandinist Government of Nicaragua.

The appointment of a special envoy was requested by Mr Clarence Long, a Maryland Democrat, who is chairman of the key House of Representatives appropriations subcommittee on foreign operations. The committee was to vote later yesterday on $60m out of the total $110m that Mr Reagan has requested.

The remaining $50m has been voted down by the Democratic-controlled House foreign affairs committee, but has still to be considered on the House floor and in the Senate.

Congressional aides said that Mr George Shultz, the Secretary of State, had already committed the Administration to the appointment of senior presidential envoy of ambassador level, in a draft letter to Mr Long's committee. Mr Long has asked for an envoy of similar status to that of Mr Philip Habib, Mr Reagan's special Middle East negotiator, as a condition for releasing the extra funds.

The main mission of such an envoy would be to help to arrange the elections so that all parties to the conflict could participate. Democrats would also like the envoy to try to initiate direct negotiations between the Government and the left-wing guerrillas who are trying to overthrow it.

El Salvador's shattered society, Page 4; Reagan's public standing, Page 11

UK reduces estimate of oil reserves by 730m barrels

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

THE British Government has scaled down its estimate of the UK's ultimate oil reserves by 100m tonnes (730m barrels) – the equivalent of about a year's production.

The value of oil wiped from official reserve estimates, at today's prices and exchange rates, is about £14bn ($22bn). But the new figures, published yesterday by the UK Energy Department, show there could still be between 1.5bn and 3.7bn tonnes of oil in present and future discoveries waiting to be exploited.

That would be sufficient to sustain the current level of UK production for 15 to 36 years.

About 460m tonnes of oil has been produced on the UK Continental Shelf from the 2bn to 4.2bn tonnes of initial recoverable reserves. Last year the Energy Department estimated these total reserves to be between 2.1bn and 4.3bn.

Since 1975, the amount of oil in UK prospects appraised and awaiting exploration has been downgraded by more than 17 per cent.

But Mr Hamish Gray, Minister of State for Energy, said the wide range of estimates published by the UK Government reflected the difficulty of accurately predicting how much oil and gas remained.

"The Department's figures are always conservative, and it would be surprising if improvements in recovery techniques will not lead us to a position which is on the higher rather than lower side if the estimates," Mr Gray said.

The reserve estimates are contained in the latest Brown Book report* on offshore activity which demonstrates the importance of North Sea oil and gas to the UK economy:

- Capital spending on exploration and production totalled £3.1bn last year, some 25 per cent of total UK industrial investment.
- Oil production in 1982 reached a record 103.3m tonnes (2.1m barrels a day), a 15.5 per cent increase on the previous year. Annual output is expected to be between 95m and 125m tonnes over the next four years.
- Government revenue from North Sea taxes and Royalties totalled £7.8bn in the 1982-83 financial year, against £6.4bn in the previous 12 months.
- The total value of orders reported by operators of oil and gas development work was £2.26bn last year. UK suppliers of equipment and services won 73 per cent of the orders in value terms.

Mr Gray said he expected the level of expenditure to be maintained, given the resurgence in North Sea development activity.

**Development of the oil and gas resources of the United Kingdom 1983; Department of Energy; SO; £5.95*

Sotheby's bidders lift stake

BY CHARLES BATCHELOR IN LONDON

THE TWO U.S. businessmen who have made a £61m ($95.5m) bid for Sotheby's, the fine arts auctioneer, increased their stake to "well above 20 per cent" yesterday from Monday's level of 16.9 per cent.

Enough shares were offered to take the holding of Mr Stephen Swid and Mr Marshall Cogan to 29.9 per cent, the maximum permitted under the City of London's takeover code, but they had decided to accept fewer shares to hold the price down to 510p – 10p below the bid price.

As Mr Swid and Mr Cogan tightened their grip on the company Sotheby's issued a detailed defence of its own position, promising a return to profit this year

Sotheby's board, and its advisers, S. G. Warburg, the merchant bank, described as "breathtaking" the claim by Mr Swid and Mr Cogan that they could help re-establish the company's financial standing.

Sotheby said that savings in operating costs had enabled it to reduce slightly its trading loss in the six months ended February 28 1983 from the comparable 1981–82 period despite a fall in the value of auction sales from £143.3m to only £106.9m.

Annual cost savings of £8m have been achieved and Sotheby's break-even point has been sharply reduced, it said. Even at sales levels significantly below those of two years ago profits would surpass past records, it said.

Sotheby's singled out the high levels of borrowing that General Felt Industries/Knoll International, the U.S. businessmen's manufacturing companies, would have to take on to finance the deal.

It also said that the two occasions on which the U.S. Securities Exchange Commission brought proceedings against Mr Cogan "raised an issue as to Mr Cogan's fitness to control an auction business." One case was settled by a consent decree, implying no acceptance of guilt, and the other resulted in no order against Mr Cogan.

Morgan Grenfell, the merchant bank which is advising Mr Swid and Mr Cogan, said they were only buying shares in London although up to 40 per cent of Sotheby's shares are held in the U.S.

UK set for big Algeria trade deal

By Francis Ghilès in London

BRITISH companies negotiating civil and military contracts with Algeria are poised for a breakthrough which seems likely to upset the Soviet Union, hitherto Algeria's principal arms supplier.

In a highly competitive market that has recently seen successes by rival Western countries:

- Brooke Marine, a subsidiary of British Shipbuilders, has secured orders for two fast patrol boats and two landing ships worth a total of £80m ($124m);
- Pauling, the civil engineers, are close to concluding an agreement for the construction of 30 vocational training centres, a deal worth £60m;
- The Algerians have expressed interest in British Aerospace's Hawk light attack trainer aircraft and in helicopters, patrol submarines and salvage tugs. Main competition over the Hawk deal, which alone could be worth £300m, comes from the Franco-German Alpha Jet, made by Dassault and Dornier;
- Plessey, Racal and Marconi are keen to meet Algeria's radar defence requirements, for which potential contracts are worth at least £100m.

The Export Credits Guarantee Department, reflecting the UK Government's determination to see Britain enter a lucrative market, is prepared to provide cover for £500m in military contracts and £700m for civilian construction.

This financial backing is a crucial part of two memorandums of understanding now being drawn up between the two governments.

All those contracts, if brought to a successful conclusion, would represent a major breakthrough in a country where British companies have traditionally been little represented.

British goods accounted for only 3 to 4 per cent of Algeria's $11bn-worth of imports last year. France took 25 per cent and other Western countries, such as the U.S., West Germany, Italy and Japan, have shown a dramatic increase.

On the defence front, the Algerian market has been dominated by the Soviet Union. But since President Chadli Bendjedid succeeded the late Houari Boumedienne in 1979, senior Algerian officers have conducted discreet negotiations with potential Western suppliers.

The country's defence budget has increased substantially over this period, from $605m in 1979 to $963m this year. Algeria has enjoyed higher oil and gas revenues, and President Chadli has been keen to diversify sources of defence supplies in a bid to buttress his policy of non-alignment.

Soares faces the problems of victory

Continued from Page 1

days. These range from anti-corruption incentives to small companies and from larger social security benefits to family planning.

- Financial. Portugal needs substantial help with a balance-of-payments deficit which is expected to reach $2.5bn this year – more than 10 per cent of the gross national product.

After especially difficult negotiations, a $300m syndicated Eurocredit is on the verge of delivery, but far more funds will be needed from foreign sources this year.

Banker confidence appears to be trickling back after the victory of a moderate Socialist party, but it is contingent on Sr Soares's being able to put together a government rapidly with ostensible chances of serving its four-year term.

- Industrial. In their campaign the Socialists promised a social pact, so as to avoid unrest when austerity begins to bite. But the Communist party, which dominates the majority of Portuguese trade unions and which the Socialists have been unable to match in the labour sphere, has indicated that it is not going to make Sr Soares's task easy.

THE LEX COLUMN

Philosopher's stone at Tarmac

Several years ago, when the quarry group Hoveringham was investigating which computer system to instal, it turned to an avuncular Tarmac for advice. Tarmac, perhaps not surprisingly, proffered a glowing testimonial of its own system – a recommendation that was faithfully followed. As a result, when Tarmac subsequently acquired Hoveringham towards the end of 1981 it was able to integrate its operations with its own in a matter of weeks. The results of such rapid absorption shine through the figures for 1982, in which pre-tax profits have risen 32 per cent to £68.7m.

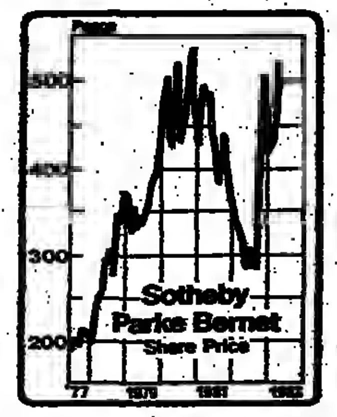
Getting on for half the £16.5m increase in profits at the trading level can probably be attributed to Hoveringham, loss-making when taken over. Cutting out overheads has produced part of the boost, while a better geographical spread of quarries has reduced distribution costs right through the division. After £10m of disposals Hoveringham cost Tarmac £36m. It seems to have obtained a return on capital of more than 20 per cent in year one.

In other divisions pressure on volume has tended to feed through to sluggish profit performance, albeit with some notable exceptions. Construction profits have been rising strongly and the trading figures have been augmented by a rise in contract pre-payments.

The overall picture is changing fast in the current year, with volume coming through strongly to boost margins, particularly in the quarrying, building products and housing divisions. In housing the group has been able to cut out sales inducements such as reciprocal home purchase, and volume should rise from 5,000 units to at least the 6,000 target figure.

The shares put on 8p yesterday to 444p. This year £84m pre-tax seems on the cards, producing a p/e below 15 fully-taxed. But with a rise from 73p behind it over the last four years, the temptation to take profits has been undermining the recent price performance.

Sotheby



Appendix III of Sotheby's defence document catalogues Mr Marshall Cogan's 1974 brush with the SEC in detail. Several painstaking disclaimers implicitly ask shareholders not to read too much into the episode; but the whole document is infected with a spirit of disdain for the two private U.S. bidders which shareholders are invited to underwrite by foregoing the 520p on offer for each of their shares.

The financial arguments for doing so are less than overwhelming. After an indisclosed loss in the first half Sotheby promises to recoup this and more in the second six months on the back of a strong recovery in auction sales volume. It also claims to be regaining the market share lost in recent months to arch-rival Christies. For good measure, the company holds out the glittering prospect of record profits at some undefined period in the future.

These arguments underline the reduction in the group's overheads over the last year or so. But they fall a long way short of pointing to the kind of performance necessary if the Sotheby's share price is on trading grounds alone to stand anywhere near the 520p level of the Knoll bid. The best that the Sotheby's board can now hope for must be a reference to the Monopolies Commission, although the grounds for this are extremely hard to discern.

BET/Rediffusion

The document detailing BET's offer for the outstanding minority in Rediffusion serves, on the face of it, to confirm BET's old reputation as one of the least thrilling properties on the stock market. The deal itself is uncontroversial, the terms are almost exactly as expected and the offer is accompanied by estimates that the 1982-83 pre-tax profits of both companies will be almost identical to those of the previous year.

Furthermore, the market will take some persuading that the motive for the transaction is anything more dynamic than an attempt by BET to make itself less attractive and attainable to any of the many companies rumoured to be running the group's break-up value through their calculators.

By adding roughly £120m to its market capitalisation and eliminating the long-standing discount to net asset value in the share price, temporarily at least, BET may go some way towards meeting that objective. Yet it can also legitimately argue that the timing of the offer was not of its own choosing and that a full consolidation of Rediffusion will increase the group's financial options.

As a quoted company, Rediffusion would have needed to call upon its shareholders to fund the development of cable television and video rentals. Net debt would otherwise have been pushing above 80 per cent of shareholders' funds a year from now. BET, in turn, might have called upon its own shareholders in order to take up the rights entitlement. As it is, BET is planning the equivalent of a one-for-three rights issue now and the enlarged group's debt/equity ratio is unlikely to exceed 50 per cent even in the peak 1984-85 year. Thereafter, Rediffusion should start to generate cash and BET will be in a position to take advantage of tax grouping.

Needing to achieve 90 per cent acceptance among the minority holders of Rediffusion, BET has pitched its offer on the generous side and the consequence for its own shareholders is likely to be earnings dilution of around 12 per cent in the current year – on top of the substantial asset dilution. BET would presumably argue that it is a small price to pay for the wonders of cable.

Clive Discount

Clive Discount will regard the final exhaustion of tax losses as a small price to pay for putting the dark days of 1980 behind it. Even after a doubled 1982-83 payment, the 1979 dividend is nothing like fully restored but, having accepted relegation to the second division, Clive is trading profitably in it. The second half-year to March was never going to produce the spectacular returns of the first six months, but Clive appears to have kept its book commendably short in November and January, leaving it able to report a 70 per cent increase in net profits to £1.85m. Yet the doubts about the quality of Clive's business are still reflected in the yield which, at last night's price of 44p, stands at 10.9 per cent.

Socal ahead by 35%

BY WILLIAM HALL IN NEW YORK

STANDARD Oil of California (Socal) increased its first-quarter net income by 35 per cent to $310m and the group's earnings per share rose from 67 cents to 91 cents.

Socal'a results, although compared with a depressed 1982 first quarter, were better than many analysts had expected and yesterday the shares moved sharply higher.

The company says that the improved performance was the result of lower costs of crude oil, reduced exploration expenses and the firming of petroleum product prices at the end of the 1983 quarter.

Socal's revenues in the latest quarter totalled $7bn, against $10bn a year ago.

First quarter figures were boosted by a $56m benefit on inventory drawdown

Grupo Alfa debt move

BY WILLIAM CHISLETT IN MEXICO CITY

GRUPO Industrial Alfa, Mexico's largest private industrial concern, which is struggling with a $1.6bn external debt crisis, has won a major concession from the Government in its efforts to restructure its debt and sell many of its companies.

Alfa told its international creditor banks at a meeting in New Orleans last week that the Government had agreed in principle to convert a Peso 12bn ($80.5m) loan to Alfa companies by Banobras, the public works bank, into preferred stock in the new streamlined holding company which Alfa is to set up. Alfa will be able to redeem the stock.

Mexico's growing bond market, Page 14

U.S. Steel reports loss of $118m in quarter

BY RICHARD LAMBERT IN NEW YORK

U.S. STEEL lost $118m in the first quarter of 1983, compared with net income of $80m in the corresponding quarter of 1982, after heavy losses in its steel operations and a sharp profits fall from its oil interests.

The company, which is the biggest U.S. steel producer, said the figures represented a substantial improvement over the final three months of last year, when heavy write-downs took the net loss up to $368m.

Steel operations lost $232m in the three-months, against a loss of $24m a year earlier. Mr David Roderick, group chairman, said, however, that compared with the latter part of 1982 the figures reflected the benefits of lower costs, a modest improvement in shipments, higher operating rates and the favourable impact of the labour contract which came into effect on March 1.

Operating income at Marathon Oil, the major energy business acquired by U.S. Steel at the beginning of last year, fell from $211m to $43m.

Mr Roderick said margins on refined products, however, should recover to more normal levels in the second half of the year.

Earnings from the South Brae field would "materially improve results from this segment" after the project came into production in July.

The latest losses would have been higher but for a substantial increase in the accounting gains on inventory liquidations over the year and a rise in capital gains on the disposal of assets.

Mr Roderick said the outcome of the group'a discussions with the state-owned British Steel Corporation on a joint venture to convert semi-finished steel was still unknown.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	S	19	66	Malaga	S	18	64	Salzburg	F	22	72
Algarve	F	22	72	Faro	S	17	63	Malta	—	—	—	Seoul	R	25	77
Algiers	S	21	70	Florence	C	19	66	Manila	S	33	91	Singapore	R	31	88
Amsterdam	F	14	57	Frankfurt	F	17	63	Miami	S	27	81	Stockholm	C	14	57
Athens	S	22	72	Funchal	C	17	63	Milan	R	11	52	Strasbourg	F	17	63
Bahrain	R	28	82	Geneva	C	13	55	Moscow	—	—	—	Sydney	C	22	72
Bangkok	S	36	97	Gibraltar	F	19	66	Munich	C	17	63	Taipei	S	31	88
Barcelona	S	17	63	Guernsey	F	11	52	Nairobi	C	25	77	Tangier	F	17	63
Beirut	—	—	—	Helsinki	F	16	61	Naples	S	25	77	Tehran	—	—	—
Belgrade	S	24	75	H. Kong	S	29	84	New Delhi	S	38	100	Tel Aviv	—	—	—
Berlin	S	21	70	Innsbruck	F	17	63	New York	S	12	54	Tenerife	F	21	70
Biarritz	F	17	63	Inverness	R	8	46	Nice	R	12	54	Tokyo	S	26	79
Blackpool	C	13	55	Istanbul	S	14	57	Oporto	C	11	52	Toronto	C	13	55
Bordeaux	F	16	61	Jersey	S	12	54	Oslo	F	14	57	Tunis	C	20	68
Brussels	F	15	59	Jo'burg	S	20	68	Paris	F	12	54	Valencia	F	20	68
Budapest	—	—	—	Las Palmas	F	24	75	Prague	S	20	68	Venice	C	17	83
B. Aires	S	23	73	Lima	S	29	84	Reykjavik	F	6	43	Vienna	S	20	68
Cairo	—	—	—	Lisbon	F	15	59	Rio de J'o	C	30	86	Warsaw	S	18	64
Cape Town	C	32	90	Locarno	R	9	48	Rome	C	20	68	Zurich	C	13	55
Caracas	C	30	86	London	F	16	61								
Casablanca	C	17	63	Los Angeles	R	21	70								
Copenhagen	C	9	48	Luxembourg	S	11	52								
Corfu	S	25	77	Madrid	C	12	64								
Dublin	F	11	52	Majorca	S	20	68								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Barclays to raise $400m in U.S.

Continued from Page 1

est coupon and priced at 99 to yield 14.82 per cent.

National Westminster Bank, which is also Tri ple-A-rated in the U.S. market, last November issued $100m of 20-year Yankee bonds bearing a 12¼ per cent coupon at 99.58 to yield 12.17 per cent. At the time NatWest raised the funds at 130 basis points (1.3 per cent) over equivalent U.S. Treasury paper. Yesterday's Barclays deal was at 104 basis points above the Treasury level.

The Barclays $400m issue has been lead-managed by Goldman Sachs, Lehman Brothers Kuhn Loeb and Salomon Brothers. Each of these three investment banks has underwritten $38.7m of bonds.

In all, there are 79 U.S.-based underwriters in the deal. The second tier of such banks includes First Boston, Merrill Lynch and Morgan Stanley, which each underwrote $8m. An additional 18 houses underwrote $6.5m each, 42 others took $3m underwriting stakes and a further 13 some $1.3m piece.

The Barclays issue is rare for the New York market, which has seen very little long-term fixed interest rate financing by banks since 1977 when they raised $1.4bn. Between 1978 and the end of 1980, Goldman Sachs reports that banks raised a total of $525m of fixed-rate, long-term debt in the U.S. markets. Last year, three banks, headed by National Westminister, raised a total of $275m.

Consequently, Barclays's issue represents more long-term bank financing at a fixed rate than was raised in 1981. The reasons banks have been so loth to raise the money is because of high interest rates and the high spreads they were forced to pay over comparable government issues which at one point stood at some 250 basis points.

Over the last few months, U.S. interest rates have fallen

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday April 27 1983

BNP profits rise 11% despite debt provisions

BY PAUL BETTS IN PARIS

BANQUE NATIONALE de Paris, France's largest bank, has reported an 11 per cent advance in consolidated group net earnings to FFr 1.29bn ($176m) last year from FFr 1.16bn in 1981 despite a sharp increase in bad debt provisions and a disappointing performance by several foreign operations.

Bad debt provisions rose 20 per cent to FFr 3.9bn compared with 1981. *Provisions for sovereign state risks were doubled to FFr 2.8bn in large measure to cover loans to* Mexico, Brazil and Argentina.

Senior bank officials disclosed *that provisions on Mexican loans* amounted to FFr 1.13bn to cover about 41 per cent of BNP's exposure of FFr 2.74bn in Mexico.

Provisions on Brazilian loans amounted to FFr 800m covering 17 per cent of BNP's exposure of FFr 5.19bn in Brazil. Argentine loan *provisions totalled FFr 225m.*

These provisions were all carried by the BNP parent company whose earnings declined 6.8 per cent last year to FFr 551m. The decline reflected largely these heavier bad debt provisions.

M Rene Thomas, the bank's chairman, said the increase in consolidated net earnings was due to *strong performance by BNP French* subsidiaries.

Foreign operations, however declined by 18 per cent last year compared with 1981. M Thomas attributed this decline to the problems of BNP's Canadian operations, difficulties in Hong Kong where BNP *has expanded heavily*, lower earnings in the U.S. and to the bank's operations in Spain.

He said BNP had lost FFr 140m in Canada last year. He blamed the *general* lending environment in Canada but also acknowledged *some* bad deals by the bank. He suggested these were part of the normal course of building a presence *in a new country.*

Without Canada, M Thomas claimed BNP's foreign operations would have shown a 20 per cent increase last year over 1981 rather than a 16 per cent decline.

M Thomas also blamed French lending limits for forcing BNP to raise expensive funds on the market to maintain its domestic lending obligations. He said the bank's performance this year would inevitably be affected by the general low to zero rate of economic growth and the effects of the latest French Government austerity measures on the flow of savings and desposits.

Compared with its main international competitors, BNP's bad debt and loan loss provisions are at the top end of the ladder.

A senior bank officiol said these higher provisions reflected BNP's lower equity capital. BNP's capital stands at around $1.4bn compared *with about $4.8bn for both Citicorp* of the U.S. and Barclays of the UK. As o result, the offical explained, BNP had loan loss provisions of $2bn compared with about $680m *for Citicorp and $1.2bn for Barclays* to make up for BNP's lower equity base.

The official also pointed out that, as a oationalised bank, BNP only had one shareholder. Moreover, it was highly unlikely that the French Government in its present financial straits would boost BNP's equity capital to cushion it against sovereign risks.

BNP's total group assets rose 21 per cent to FFr 739bn by the end of *December 1982 compared with FFr* 613bn io 1981.

● France's state-owned financial bolding group Paribas, which last month took majority control of the *U.S.* financial group *Becker* has brought io M Herve Pinet, Paribas director-general, to bead Becker's management board.

Paribas took 51 per cent of the *group by buying out the stake held* by S. G. Warburg.

Sandoz to expand drugs side

BY JOHN WICKS IN ZURICH

SANDOZ, the Swiss chemical concern, *is to give priority to expanding* its pharmaceuticals business. Dr Marc Moret, managing director, said that this sector could account for more than half consolidated *sales during the group's 1983–87* five-year plan period.

Last year, Sandoz booked a 5 per cent sales increase to a record SwFr 6.05bn ($2.95bn), with pharmaceuticals accounting *for* 47 per cent of the total.

In the first quarter of this year, consolidated *sales* rose by 3 per cent on the *corresponding* 1982 *period to SwFr 1.62bn, largely because* of a 13 per cent improvement by the pharmaceuticals division.

Dyestuff sales increased over the *period* by 4 per cent. *Those of the* seeds, food and agro-chemical divisions dropped in Swiss-franc terms by 4, 6 and 22 per cent, respectively.

Dr Moret was confident that the *group would book satisfactory* results in calendar 1983, and that the pharmaceuticals division would become increasingly competitive with the introduction of new products. Research would concentrate on treatment of the central nervous system, heart and circulatory complaints and in the field of endocrinology and immunology.

The dyestuffs business had been strengthened by the recent takeover of the Sodyeco division of Martin Marietta and the developmeot *of oew products and applications.*

Dr Moret said that the agrochemicals and seed business was likely to remain unsatisfactory for the rest of 1983.

Sandoz research in the agrochemicals and seeds sector has been strengthened by the acquisitioo of the high-technology company Zoecon, of Palo Alto, from Occidental Petroleum at an undisclosed price.

The two U.S. acquisitions will add nearly SwFr 250m to group sales, and partly as a result of this the U.S. share of group turnover will exceed the 1982 level of 23.7 per cent.

Capital increase for Suez group

By David Marsh in Paris

COMPAGNIE Financière de Suez, the state-owned French financial and industrial holding company, yesterday made clear that its capital has been raised in line with the *need* to carry out a range of restructuring operations assigned to it by the Government.

As announced last week, the company's capital has been raised FFr 300m ($41m) to FFr 1.72bn through the conversion into shares of convertible Suez bonds held by the *Government* after last year's nationalisations.

The Government has decided to increase the capital of o range of now-nationalised banks and compa*nies – including the electricial con*glomerate Compagnie Generale d'Electricité and the financial holding group Paribas – by exercising its conversion rights on these *groups' convertible bonds*. The bonds had beeo owned by the Government since private shareholders sold to the *state* securities issued by banks and companies nationalised under last year's measures.

The Government converted the bonds into shares for juridical reasons. Suez said the conversion was not linked to its results for 1982, which before provisions showed a clear increase in profits. After what were last week described as "important" provisions, net profits fell to FFr 249.8m from FFr 338.5m. But operating profits rose to FFr 356.2m from FFr 295.5m.

Suez, like many financial and industrial groups io France, is widely thought to be under-capitalised by ioternational *standards*. The Governmeot has, therefore, seized on a way of increasing its capital which improves the group's financial position but does not involve the injec*tion of fresh budgetary funds.* ...

The restructuring operations in banking and industry which the Government has asked Suez to carry out include the takeover of the *range of industrial and property* shareholdings previously owned by the financially-troubled Rothschild bank; participation in a capital increase needed for loss-making Banque de l'Union Européene, just absorbed into the Credit Industriel et Commercial group, which is partly owned by Suez; and the injection of funds into the machine tools in*dustry.*

Setback for U.S. machine tool group

By Our New York Staff

CINCINNATI Milacron, the leading U.S. machine tool company, yesterday reported a first-quarter loss and warned that it was unlikely to return to profit until later in the year. But Mr Clifford Meyer, the group's president, added: "We have reached tho bottom of a very deep valley, and I firmly believe we are on the way up."

Sales in the first quarter fell from *$215.7m* to *$124m*, and the group made a net loss of $4.9m compared with a profit of $11.3m o year earlier.

Bethlehem Steel shows $175m loss in quarter

BY WILLIAM HALL IN NEW YORK

BETHLEHEM STEEL, the second largest U.S. steel producer, made o first-quarter loss of $175.2m against $66.7m in the first quarter of 1982, but says it thinks the worst is over.

The group which had already *forecast another substantial* first-quarter loss, said that its shipments in the latest quarter rose for the first time in nearly two years.

Mr Donald Trautlein, Bethle*hem's chairman, says that the* group will probably sustain operating losses through the first half of this year "but we believe the worst of the current recession is over." *Bethlehem Steel is forecasting do*mestic steel industry *shipments* of around 72m tonnes for 1983 compared with 61m tonnes last year.

In the first quarter, Bethlehem used 40.6 per cent of its capacity compared with 62.5 per cent a year ago. *Its basic steel operations* had operating losses of $96m in the first quarter, some $24m up on the year before.

The increased first-quarter losses occurred because of low levels of shipments and production and "unsatisfactory" selling prices. The *company expects to generate cash* during the remainder of 1983 from continued liquidation of inventories and the sale of certain assets coupled with "safe harbor" leasing *transactions.*

Projected capital spending *for* 1983 is between $300m and $350m against $470.3m last year.

● Kaiser Steel, the California-based steelmaker, posted a net loss of $9.9m or $1.38 o share in the first quarter, *down sharply from profits* of $15.9m, or $2.16, in the first three months of 1982.

But last year's period included a non-recurring gain of $21.1m, and, ot the operating level, there was a restated loss of $5.2m.

The company said steel ship*ments in the latest quarter* dropped 30 per cent to 204,000 tonnes, with all product lines affected.

● Stelco, Canada's largest primary steelmaker, said it would report o *loss in the first quarter*, but *expects* to be in the black in April and May, writes our Montreal Correspondent.

Eastern Air Lines deficit up

By Our New York Staff

EASTERN AIR LINES' net losses climbed to $60.7m in the first quarter of 1983, compared with $51.4m a year earlier. The financially pressed airline has already disclosed that its losses in the first two months of the year came to $44m.

Mr Frank Borman, chairman and presideot, blamed the loss on unprofitable deep-discount fares, which the airline had been forced to offer during much of the quarter, and the settlement of a labour contract with wage increases backdated to January 1.

Losses in the period would have been greater but for a net gain of $8.3m from the sale of tax benefits. There were no similar gains in the 1982 quarter. Operating revenues rose to $969.7m, compared with $908.4m in the first quarter of 1982.

Eastern is seeking a revisioo of certain loan agreements, and has warned that unless its creditors agree to modifications, it could be in default by next month.

● Capitol Air said it expected its net loss for 1982 to be around $20m, rather than the $16m loss announced at the end of March. The increase was the result of additional charges in connection with write-offs.

Canadian Pacific unit advances

By Our Montreal Correspondent

PANCANADIAN Petroleum, oil and gas arm of the Canadian Pacific Group, revealed a sharp gain in profits in the first quarter.

Net income was C$66.2m (U.S.$53.7m), or C$2.12 a share, against C$52m or C$1.67.

Quaker Oats to stop home video output

BY RICHARD LAMBERT IN NEW YORK

QUAKER OATS is selling its chemical business, discontinuing the operations of its U.S. video game cartridge subsidiary, and selling its Mexican toy company. These cuts bring with them an after-tax charge of $55.5m, which means that the group has reported o net loss of $31.6m *for* the third quarter

Mr William Smithburg, Quaker's presideot and chief executive, said the decisions were consistent with the company's goals of being a supplier of consumer brands of goods and services, and concentrating on businesses with the highest returns.

He added that the company was looking for a "qualified buyer with a continuing interest" in its chemical activities, which supply chemicals for the foundry and lubricating oil refining industries, and were marginally profitable in the third quarter.

Quaker bought its home video game business only a year ago, in the hope of tying in the technology with its existing Fisher-Price toy subsidiary. But, said Mr Smithburg: "We did not foresee the rapid over-saturation in the market, and have decided that without making major investments, continuing the business was not viable."

In Mexico, Quaker is selling its 56 per ceot-owned toy company to its Mexican partners.

Third-quarter earnings from cootinuing operations declined from *$31.3m to $26.4m. The latest figures* include an after-tax charge of $4.4m stemming from the decision to sell the Mexican toy company. Sales from cootinuing operations rose 4 per ceot to *$844m.*

Net income from continuing oper*ations after nine months* is down from $88.7m to $78.2m.

Recession hits Mitel results

By Robert Gibbens in Montreal

MITEL, the fast-growing Canadian telecommunications equipment company, has made a major change in accounting for research and development expenses.

Net profits for the year to February 25 are shown at C$14.7m *(U.S.$11.9m)*, or 39 *cents* a share, against C$27.9m, or 77 cents. Mitel was hit by the recessioo and intense competition during the year.

Mitel now follows accounting principles generally accepted in Canada: it charges all research *costs as they are incurred and no* longer capitalises them.

Belgian corporate debt load 'a menace'

By Paul Cheeseright in Brussels

THE HEAVY indebtedness of Belgian companies, neither making enough profit to guarantee repayment nor adequately to compensate shareholders, is a menace to the economic and social future of the country, according to M Jacques Groothaert, President of the Société *Générale de Banque (SGB).*

At the annual shareholders' meeting of Belgium's largest bank, part of the Société Générale de Banque, Mr Groothaert *said that the bank's outstanding lending* had grown less in 1982 than in previous years.

Outstanding lending to the private and international sector at the end of last year was BFr 662bn ($14bn), against BFr 629bn at the end of 1981 and BFr 561bn at the end of 1980, noted the annual report, published yesterday.

To the extent that falling demand for credit results from the success of governmeot measures encouraging the issue of risk capital and translates into a brake oo companies getting into heavier debt, this is welcome, Mr Groothaert said.

But to the exteot that the falling demand results from economic stagnation and a reluctance among companies to start new business, then it is extremely worrying, he said.

Earlier this month, Kredietbank, one of SGB's competitors, produced a survey whicb showed that profitability among Belgian companies was totally insufficient in nearly all sectors.

"The scant profitability of the stockholders' equity is not a recent problem, and it is certainly clear that the last years have seen an acceleratioo in the decline, so much so that profitability was negative in 1981," Kredietbank said.

This was not the case for SGB, which in 1982 had net profits of BFr 2.2bn, compared with *BFr* 1.96bo in 1981.

Mexico's in-bond industry thrives on devaluations of peso

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S heavy devaluation of the peso has given a fillip to a sector of the country's bruised economy of growing importance—the in-bond industry in which are assembled items ranging from radio sets to video games. It is the only area where 100 per cent foreign ownership is allowed, and in return for selling all their products abroad, the in-bond companies enjoy a liberal tax position.

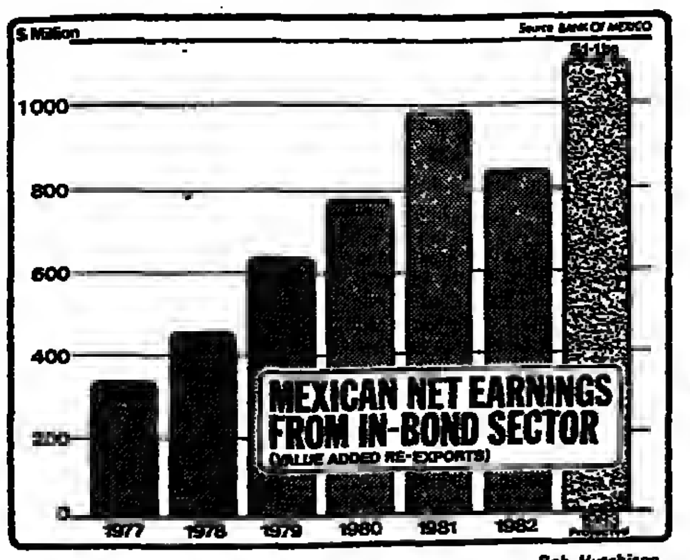
While the great majority of companies in Mexico are reeling under the impact of the devaluation of over 75 per cent in the peso since 1981 and of a tight domestic market, in-bond concerns are thriving.

The series of devaluations has raised the competitive strength of the in-bond industry, which consists of 605 companies, mostly U.S., employing a total of 130,000 workers, as against its cheap labour counterparts in Taiwan, Hong Kong, South Korea and Singapore. Labour costs have been reduced by the devaluations from $2.09 per man hour (including fringe benefits) at the beginning of 1982 to about 90 cents now.

In-bond salaries are paid in pesos, but the plants' income is exclusively in dollars, since all the outpnt is exported. A dollar is now worth 111 pesos et the controlled rate at which foreign companies convert dollars brought in to pay workers, compared with almost 150 on the free market, as against 26 pesos at the end of 1981.

The in-bond companies' imported components enter Mexico free of duty, and wben the assembled product enters the U.S., with which the trade is mainly carried on, duty is cherged only on the basis of the value added. Most of the concerns, nearly all of them U.S., are strung along the U.S.-Mexico border in places like Ciudad Juarez, across the Texan border from El Paso. They include Hughes Aircraft, which has a plant to assemble electronic systems, RCA, and Fisher Price Toys.

The country's ecute shortage of foreign currency, caused by the drop in the price of oil, Mexico's main export, and by the high cost of paying the interest on the mountainous $83bn external debt, is making the Government treat the in-bond sector with care, to encourage greater investment and to create new jobs.



Bob Hutchison

The fall in the value of the Mexican peso over the past year has boosted the country's ability to compete with cheap labour countries in the Far East. This is reflected in the projected net earnings figure of over $1bn this year for Mexico's in-bond industry. But the industry's growth has become a matter of political sensitivity in the U.S.

Last year, the in-bond sector was, in broad sector terms, the second largest net earner of dollars after Pemex, the stete oil concern. It earned $845m and accounted for 1.5 per cent of gross domestic product.

While oil income is expected to drop by some $2bn this year, the in-bond industry is forecast to increase earnings by abont $300m.

The Mexican in-bond industry has found beightened attractions for foreign investors. Apart from the strength derived from the fall in tha peso in the foreign exchanges, the industry has the advantage of being on the doorstep of the U.S. market, unlike Far East assembly operations.

It is estimated that a U.S. company can save between $13,000 and $15,000 per employee a year by moving labour intensive operations from the U.S. to Mexico.

Bnt there has not been a great surge in the setting up of in-bond plants in the past few months. The industry and Trade Ministry granted 18 in-bond permits in the first two months of the year after granting 113 in the whole of 1982.

U.S. companies are watching developments in this sector. European companies, for their part, have not caught on in any substantial way to the idea that they can serve their U.S. market from Mexico.

The Government will announce new regulations for the in-bond industry in coming weeks in a bid to streamline paperwork and repair the damage caused in the last quarter of 1982 when the outgoing Government of Sr Jose Lopez Portillo imposed full exchange controls.

In-bond companies no longer bave to keep all their income in dollars in special accounts in Mexico, which they had to under the full exchanga controls system. Now they are egain allowed to have bank accounts abroad, and to bring in dollars as they want them.

They are, however, obliged to change these dollars to meet their costs at the controlled rate, not the free rate, and within the nationalised Mexican banking system, so that the Government can replenish its depleted foreign reserves.

The last Government's measures challenged in-bond companies to evade the new obligations, the more easily accomplished given the 2,000 mile long open border with the U.S. The companies used to ask their clients to delay dollar payments to Mexico in the hope that the rules would be changed, as they were.

Tha new rules also ban in-bond companies meeting their overheads by receiving pesos from other companies in Mexico, which owe dollars to the parent companies of the in-bond plants.

The Government has also made it clear that the in-bond sector will not be subjected to a forced domestic content integration programme, such as was thrust on the Mexican motor industry, which has to buy some of its components locally.

Mexico's in-bond sector, however, has become a politically sensitive issue in the U.S., where some trade unionists argue that it is taking jobs away from workers there, and that U.S. employment should be protected by repealing tax regulations 806 and 807—the lifeblood of the in-bond industry, under which duty is charged npon re-entry to the U.S. only on a valne-added basis. Such a blow would sound like a death knell for the in-bond industry in Mexico.

Slavenburg's changes name and structure

BY WALTER ELLIS IN AMSTERDAM AND DAVID MARSH IN PARIS

SLAVENBURG'S Bank, the sixth largest commercial bank in the Netherlands, has changed its name to Credit Lyonnais Bank Nederland in an effort to put recent misfortunes behind it, as reported in some editions of the Financial Times yesterday.

Slavenburg's also announced that it had a net loss of Fl 203m ($73.8m) last year, much of it because of bad debts incurred in 1981 and some arising from a recent fraud. All of the bank's gross profits have been transferred to general contingencies.

Credit Lyonnais of France, which owns 78 per cent of the shares of Slavenburg's, has agreed to a number of changes in the Dutch bank's structure and operations with the Netherlands central bank. In return, the central bank will continue to provide liquidity support.

M Jean Deflassieux, chairman of Credit Lyonnais, estimates that the total cost of the acquisition of Slavenburg's will be FFr 1.6bn ($218m), almost three times the actual purchasing price.

Credit Lyonnais paid FFr 658m for its shareholding. A stake of 50 per cent was purchased around the end of 1980 and was increased to 78 per cent a year later.

The bank already reckoned it would have had to inject an additional FFr 500m into Slavenburg's to set its accounts to rights, but in fact has had to pay an overall sum of around FFr 1bn to make up deficiencies in the bank's accounts.

Credit Lyonnais, France's second largest nationalised bank, admits that it was misled by a false audit when it first took its Slavenburg's stake.

The new chairman of Slavenburg's board is to be M Georges Vigon, until now vice-chairman. Credit Lyonnais is to guarantee its subsidiary's loan portfolio for as long as is considered necessary.

Nominal share value is to be reduced from Fl 100 to Fl 50, and the consequent reduction in assets will be compensated for by an offer of new shares, to a value of Fl 200m, to all existing shareholders. The issue is to be guaranteed by Credit Lyonnais, which is also to convert a recent deferred loan to Slavenburg's into equity.

U.S. oil group declines

BY WILLIAM HALL IN NEW YORK

PHILLIPS Petroleum, the U.S. integrated oil company, reported a one-third fall in first-quarter net income to $129m. Earnings per share were 84 cents, compared with $1.26 in the first quarter of last year.

Mr William Douce, Phillip's chairman and chief executive, blames the lower earnings on depressed prices for crude oil and petroleum products. First-quarter 1982 earnings have been restated to reflect the adoption of an accounting change for foreign currency translation procedures.

Mr Douce told the annual meeting yesterday that, despite positive signs in the U.S. economy, "the lingering recession was continuing to depress demand for petroleum fuels, natural gas and petrochemicals.

He added that Phillips has reshaped its operations. It is concentrating exploration and production efforts on top prospects only, closing an obsolete refinery and selling several chemical operations. It is also reducing the company's workforce which since October 1981 has been cut by 18 per cent.

Phillips had a $15m loss on its petroleum marketing and refining businesses in the first quarter against a $4m loss in the comparable quarter last year.

L'Oreal lifts profits 6.4%

By David Marsh in Paris

L'OREAL, the French cosmetics and pharmaceuticals group, has announced e 6.4 per cent increase in net profits for last year to FFr 550m ($75m) from FFr 517m in 1981.

The profits total, made on group turnover 12.3 per cent up from 1981 at FFr 10.9bn, was struck before taking account of changes in asset values and net provisions on investments. A total of 53.4 per cent of turnover last year was outside France.

Cash flow increased to FFr 918m from FFr 848m in 1981, enabling the group to self-finance completely its investments last year of FFr 425m.

Modest rise at health group

By Our Financial Staff

WARNER-LAMBERT, the U.S. health care company which has been undergoing a major restructuring, increased net earnings to $46.1m for the first quarter of 1983, against $41.3m.

Sales for the three months are 9 per cent lower at $786m, although on a comparable basis, allowing for disposals, turnover is effectively 7 per cent ahead.

The company expects to market in the U.S. e drug to treat arthritis in the fourth quarter of this year. The drug is currently being marketed in West Germany and is also under review by the U.S. Food and Drug Administration.

NORTH AMERICAN QUARTERLY RESULTS

ACF INDUSTRIES

First quarter	1983 $	1982 $
Revenue	145.8m	227.4m
Net profits	828,000	13.5m
Net per share	0.10	1.47

AMC

First quarter	1983 $	1982 $
Revenue	782m	600m
Net profits	65.1m	51m
Net per share	1.21	0.93

AVON PRODUCTS

First quarter	1983 $	1982 $
Revenue	686.5m	580.5m
Net profits	26.8m	34.2m
Net per share	0.36	0.54

BEATRICE FOODS

Fourth quarter	1982-83 $	1981-82 $
Revenue	2.28bn	2.23bn
Net profits	†196.1m	74.0m
Net per share	†2.03	0.71
Year		
Revenue	9.19bn	9.02bn
Net profits	47.2m	390.1m
Net per share	0.27	3.80

† Loss

BECTON, DICKINSON

Second quarter	1982-83 $	1981-82 $
Revenue	282.5m	290.8m
Net profits	16.84m	19.80m
Net per share	0.78	0.94
Six month		
Revenue	548.5m	543.2m
Net profits	34.16m	39.34m
Oper. per share	1.61	1.86

BELL AND HOWELL

First quarter	1983 $	1982 $
Revenue	157.6m	141.5m
Net profits	4.28m	3.72m
Net per share	0.75	0.66

B. C. FOREST PRODUCTS

First quarter	1983 C$	1982 C$
Revenue	[illegible]	[illegible]
Net profits	†16.9m	†15.4m
Net per share	[illegible]	0.18

† Loss

BROWNING-FERRIS INDUSTRIES

Second quarter	1982-83 $	1981-82 $
Revenue	197.3m	187.4m
Net profits	17.36m	16.33m
Net per share	0.52	0.43
Six month		
Revenue	388.4m	363.2m
Net profits	35.88m	30.79m
Oper. per share	1.08	0.93

More results on Page 26

DIGITAL EQUIPMENT CORP.

Third quarter	1983 $	1982 $
Revenue	—	—
Net profits	78.3m	107.5m
Net per share	1.40	1.94
Nine months		
Revenue	—	—
Net profits	197.6m	295.4m
Net per share	3.50	5.33

DR PEPPER

First quarter	1983 $	1982 $
Revenue	107.8m	98.5m
Net profits	382,000	3.66m
Net per share	0.02	0.18

HERSHEY FOODS

First quarter	1983 $	1982 $
Revenue	421.9m	390.4m
Net profits	23.81m	20.60m
Net per share	1.82	1.70

INTL. COMPANIES & FINANCE

Falling Hong Kong dollar stops upward share trend

BY ANDREW FISHER IN HONG KONG

THE SUN finally broke through Hong Kong's murky skies this week, but the end of an unseasonably long period of oppressive, overcast weather *has not so far lifted* the confidence of o drifting stock market, nor aided the sickly-*looking* local *currency*.

Last week, the market stumbled by over 80 points. This *is not a massive* fall *for such* a notoriously volatile trading scene and volumes have not *been large, but* it was a *clear* end to the steady upturn seen previously this year, as fears over China's intentions towards the Colony receded and the Institutions came into an undervalued market.

Assessing just what lies behind the local market's performance is never easy. "Hong Kong is a very *self-centred* market," noted one analyst. Never mind Wall Street, *international* monetary *trends*, or what is happening to Japanese stocks; investors in Hong Kong look mainly to factors within the Colony in forming their judgments.

Pulling down *the market last* week was the poor performance of the *Honk Kong* dollar, which *looked likely* at *one* time to fall through the psychological level of HK$7 to the U.S. unit. But the banks stepped in and put up prime rates by 1 per cent to 11.5 per cent and deposit rates up by the same amount.

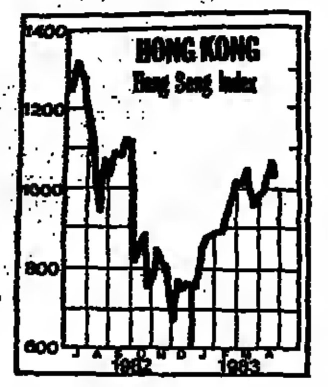
Yesterday, the stock market slipped back by eround 13 points to leeve the Hang Seng index at 1028.3, baving risen by just over 34 points on Monday. The next level that the market is looking for is 1100, though investor caution is such thet this target could be temporarily elusive.

Volome last week averaged only HK$140m, well below the heady levels the market has achieved in past frantic booms.

Local investors have been fairly inactive while foreign institutional buying has tailed off from the interest shown at lower levels earlier in 1983.

Selling of the local currency pushed it down against the U.S. dollar to HK$6.86 last week, *before the interest rate* rises were decided late on Tuesday. These stopped the decline, but did not provide much of a lift. Yesterday the currency also closed at HK$6.86.

Why *did the* local dollar start to fall? Reported selling by



China; lack of confidence in the Colony's future after 1997 (when the lease for most of the aree runs out); the upward revision in the forecast budget deficit—all have been cited as causes.

One prominent currency expert estimetes that the Bank of China could have sold some US$50m of the local currency a day during last week. Others were not so sure. It was rumoured that the Hong Kong Government spent some US$30m last Friday alone to keep the local unit steady.

The weakness of the currency has not helped the Hong Kong stock market, but the rise in interest rates also dampened sentiment.

Market observers are fairly sanguine about prospects for *the rest of* the year. Despite the present wait-and-see attitude with foreign buyers watching what the locals do and vice-versa, the prospects for Hong Kong's industry and exports have brightened.

Most sectors, such as the all-important garment industry, report that orders have picked up now the U.S. economy is on the move again. Once revenues start to flow into manufacturing companies, shares could benefit

With the property market still in the doldrums, though the lower end of the residential sector is perking up, the sort of *shares io fevour this year* bave been blue ebips like the big trading hongs and the few quoted *manufacturing* companies.

Recent weeks have also seen e confirmation of the dire straits of compenies that were too eager during the property boom. The restruetuning of the bapless Carrian group remains to be achieved, while Trafalgar Housing bas announced unspecified provisions and e passing of its preference end interim dividends.

Evente like these are nor calculated to boost investor confidence. Yet many companies have *not* suffered from the property erisis.

Shares plunged in 1982 after *Mrs Margaret Thatcher'a* visit in September when confusion about the future reigned. The Heng Seng index fell by 44 per cent over the year to just under 784. Whetever the present stete of the stock market, the 1982 collapse has been overcome, but both the merket and the local currency remain vulnerable to events in Peking.

Earnings setback at OK Bazaars

By Our Johannesburg Correspondent

OK BAZAARS, South Africa's largest retailing group which is a 71 per cent owned subsidiary of South African Breweries, lifted turnover from R1.35bn to R1.59bn ($1.46bn) in the year to March but narrower margins left pre-tax profits down to R71m from R77m.

The directors say a deterioration in the merchandise mix led to a severe rednetion in gross margins and profits were also hit by an increase in interest payments

The board warns that the recession and South Africa's *worst drought* in 50 years will lead to a further deterioration in trading *conditions*. Earnings in the first half of the current year are expected to be down and the timing of any economic upswing will be critical to results in the second half, when the major part of income is normally earned.

The dividend total for 1982-83 is unchanged at 142 cents, despite earnings per share falling to 230 cents a share from 306.9 cents.

Stockbroker role for Saudi Arabian banks

RIYADH—King Fahd has decreed that only Saudi Arabian banks will be allowed to act as share brokers in the Kingdom. The official Saudi press agency reported that Mr Mohammed Abal-Khail, the Finance Minister, said the Government wanted to ensure all Saudi citizens have fair access to share trading.

Shares are traded privately in Saudi Arabia at present, and there is no official etock market. Reuter

Japanese mutual banks to merge

BY YOKO SHIBATA IN TOKYO

NISHI-NIHON Sogo Bank, Japan's largest mutual savings bank, announced yesterday that it has reached an egreement to absorb the Takachiho Sogo Bank, the smallest Japanese mutual savings bank, on April 1, 1984. The bank will then transform itself into an ordinary commercial bank.

If the proposed merger goes through, it would be the first involving the conversion of a *sogo* (mutual savings) bank into an ordinary bank since 1968.

The Ministry of Finance said yesterday it would treat the Nishi-Nihon Sogo Bank as a regional bank and would edvise it to join the Regional Bank Association when it changes itself into an ordinary commerelel bank next April.

The Nishi-Nihon Sogo Bank is capitalised at Y12.48bn ($52.7m) and has 148 branches. Based in Fukuoka City, south west Japan, it had financial resources of some Y1,654bn as of the end of March 1983, making it the largest of the nation's 71 *sogo* banks, and equal to the 11th largest regional bank.

Takachiho Sogo Bank, also based in the south-west is capitalised at Y200bn and has 17 branches. Its financial resources stood at Y55.3bn at the end of March.

The merger would make the Nishi-Nihon Sogo Bank one of the top-ranking regional banks. The merger agreement calls for an exchange of 0.9 per cent of one Nishi-Nihon Sogo Bank share for each Takashiho Sogo Bank share.

Japan's medium-sized and small financial institutions, such as the mutual savings banks and credit associations, have been caught between the city banks (the nation's biggest 13 commercial banks), which can offer lower interest rates on small business loans, and the regional banks, which traditionally have close relations with their local communities.

In the face of the rapidly evolving computerisation of the banking business, involving *new financial products* and financial *services*, most of the smaller institutions are lagging behind. The recent deregulation of computerised banking would put the smaller banks at a further disadvantage since their connections with their corporate customers are not as close as those of the city banks.

The enthorities are strongly urging the mutual savings banks and credit associations to strengthen their management and to take such steps as joining the consolidated cash dispenser on-line networks shared by the city banks and other financial institutions.

European losses hit Asahi Glass

By Our Financial Staff

ASAHI GLASS, the leading Japanese glass, ceramics and fine chemicals group, saw its consolidated net earnings slip to Y22.98bn ($97m) last year on sales which rose 19.5 per cent to Y628.1bn from Y525.29bn.

In a statement, the company blamed losses by its subsidiaries in Belgium and the Netherlands, acquired from BSN-Gervais Danone two years ago, for the setback in its net result. Operating profits also slipped to Y45.49bn from Y47.18bn

Marginal first-quarter rise for Matsushita Electric

BY OUR TOKYO CORRESPONDENT

MATSUSHITA Electric Industrial and its 83 consolidated *subsidiaries including Victor* Company of Japan (JVC) suffered a levelling off in profits for the first quarter to February 20.

Consolidated net profits were Y34.91bn (U.S.$148m) just 1 per cent higher than for the same quarter of last year, on sales of Y870.72bn, up by 4 per cent. Profits per share rose by Y0.04 to Y22.32.

The company ettributes the slow-down in earnings growth to the slump in sales of audio equipment, to higher sales promotion costs and to e markdown in selling prices of VTR products as a result of stiff sales competition.

Continued strong sales of VTR's and a sales recovery in electronics components are *expected in* the remaining nine months of the year but a rapid recovery in overall sales is *considered unlikely*. *Matsushita* expects full-year net profits to be et the previous year's level of Y158bn, and *full-year sales* to rise by 3 per cent to Y3,760bn.

Woodside sees further delay in Japan sales

By Lachlan Drummond in Sydney

DELAYS IN concluding *formal* supply contracts with Japanese customers are likely to see the *already revised target* date for a start of supplies of liquefied natural gas (LNG) from the *North West Shelf project off* Western Australia pushed beyond April 1987.

However, while some slippage beyond the target is likely, the directors of Woodside Petroleum, the *leader of the project*, remain confident about the Japanese market for North West Shelf LNG, they *say* in their annual report.

Meanwhile, until firm sales *agreements are hammered* out the Sbelf partners will not commit themselves to the A$8.5bn *(US$7.4bn) second stage of the* project which will supply export markets.

A memorandum of intent with the Japanese was signed in July 1981 with an initial target for deliveries to begin in April 1986. However, with the turnround in the world energy supply and price picture since, nothing firmer has emerged, and talks on introducing the Japanese trading houses, Mitsui and Mitsubishi, as equity holders in the liquifaction and shipping side of the project have also stelled.

UK COMPANY NEWS

Tarmac expands by 32% to £68.7m

SECOND-HALF pre-tax profits of Tarmac moved ahead from £38m to £48.6m and pushed this quarry products, building and construction group to a record £68.7m for 1982, a 32 per cent expansion over the previous year's £52.1m. Turnover went over the £1bn mark to £1.05bn, compared with £918m.

Year-end earnings per 50p share were up from 32.5p to 35.9p and the dividend is effectively raised to 11p (9.2p adjusted) with a final payment of 7.8p.

The group has made a promising start to 1983, the directors say, and the year as a whole is seen as one of further progress.

A divisional analysis of turnover and trading profits—£76.9m (£60.4m)—shows: quarry products £366.4m (£264.6m) and £41.4m (£25.5m); building products £202.8m (£166.6m) and £13.8m (£14.4m); construction £244.9m (£268m) and £5.1m (£4.4m); international £52.5m (£73.6m) and £2.8m (£1.7m); housing £141.6m (£117m) and £10.7m (£10.5m); properties £16.8m (£7.2m) and £1.5m (£2m); industrial £21.4m (£21m) and £3.9m (£3.8m); central costs £2.3m (£1.9m).

Mr Eric Pountain, deputy chairman and chief executive, says the quarry products division had "an outstanding year," with pre-finance profits up by 62 per cent. This improvement related, in part, to the successful Hoveringham acquisition, but there were generally strong performances throughout the UK regional operations and also in South Africa.

In the U.S., despite the severe recession which particularly hit the construction industry, the activities earned a small profit, he adds.

The building products division results were marginally down on the previous year, but there were good performances in the manufacturing companies and in the contracting company. The refinery profits were down, affected by a deteriorating sterling/dollar exchange rate, and by declining margins between UK bitumen prices and international heavy crude oil prices. There was a setback in France, he adds, where SPAPA incurred a loss.

There were record profits from the construction division, with pre-finance earnings significantly supplemented by interest receipts, as in the previous year. The continued concentration on quality work with reasonable margins and on management contracting, has contributed to the division's success, Mr Pountain points out.

During the year, a 25 per cent interest in the construction management company, Schal Associates of the U.S., was acquired.

The international division continued its recovery. There has been a run down in the activities of the Saudi Arabian associated company, and a major new contract for the building of four hospitals in Algeria was obtained during the year.

The housing sector performed slightly better in 1982, and a good forward order book for 1983 has been built up.

A better performance in the industrial division came mainly from the oil and gas interests, although the foundry activities performed well in the face of extremely difficult conditions, as did the heavy vehicle distribution company.

Pre-tax figure for the year was after interest payable, little changed at £8.2m (£8.3m). Tax charge was much higher, however, at £20.6m against £13m, and after minority interests, £1m (£0.2m) and extraordinary debits of £3m (£3.6m) the attributable balance came through ahead from £35.3m to £44.1m.

Dividends will absorb a total of £14.5m (£11.7m) leaving a retained figure of £29.6m, compared with £23.6m.

See Lex

HIGHLIGHTS

Lex today considered the full-year results from Tarmac which show a 32 per cent advance in pre-tax profits to £68.7m. It goes on to look at Sotheby's which has just published a defence document to fend off the bid from two American businessmen. Also examined the offer by BET to mop-up the minority shares in Rediffusion, in a deal worth £122m. The column goes on to look at Clive Discount where there was a 70 per cent advance in profits and the dividend has been doubled.

Samuelson Group

In the first half to September 30 1982, taxable profits of Samuelson Group, supplier of equipment and services to the film and television industries, advanced from £353,000 to £628,000. This reflects a high level of activity in the British film industry during the summer months.

The directors say the second half has also been satisfactory with rentals 24 per cent higher than in the comparable period.

Clive Discount 70% up at £1.85m

AFTER REBATE, tax and a transfer to contingencies reserves consolidated profits of Clive Discount Holdings rose to £1.85m for the year ended March 31 1983, an increase of 70 per cent over the previous year's £1.09m.

The directors of this discount house and investment dealing concern say the group's operating base has been strengthened to a point where normal dividend payments can be resumed and they are lifting the final by 0.3p to 1.9p, which makes a net total of 3.2p per 20p share, compared with 1.6p for 1981-82—the interim was omitted that year.

There was a £228,000 (nil) transfer to capital reserve for the past year and shareholders' funds rose by £1.32m to a record £8.05m. Current assets at year-end stood at £386m, an improvement of 52 per cent over the previous year's £254m.

There was a net drop in bank base rates over the group's year from 13 per cent to 10½ per cent. Dividend payments will absorb £734,000 (£391,000).

See Lex

Turriff rises to a record £2.03m

PRE-TAX profits of engineering contractor Turriff Corporation rose to a record £2.03m for 1982, an improvement of £234,000 over 1981's figures, although the second half contribution at £1.36m was little changed on the corresponding period's £1.38m.

Mr W. G. Turriff, the chairman, reveals that the group's workload has recently increased compared with this time last year and although it is too early to make a forecast he says he will be disappointed if profit performance is not improved in the current year.

Meanwhile, the dividend for the past year is being stepped up by 0.8p to 5.8p net per 25p share — earnings emerged at 41p a share, against 33.7p previously.

Turnover declined from £52.7m to £49.9m. Mr Turriff explains that although the group's construction interests have a wide regional spread the going was "tough and very competitive."

He points out that Turriff's work mix moved more to property refurbishment, an activity which it has been steadily building up over the years.

The chairman comments, however, that this increased emphasis on refurbishment does not imply any lessening of the group's interest in new construction projects.

Although the group has extended its investments in a number of fields its cash position, currently in excess of £5m, remains very strong.

Tax for 1982 took £209,000 (£285,000), minorities £22,000 (£34,000) and extraordinary debits £554,000 (£421,000).

S. Pearson meets forecast with increase to £59.9m

S. Pearson & Son raised pre-tax profits from £58.5m to £59.9m in 1982. The group therefore met the forecast of increased profits, made last May at the time of the offer for the Pearson Longman minority, albeit by a narrow margin.

Earnings per 25p share however, dropped to 33.13p before extraordinary items, as against 52.86p in 1981 which was after an exceptional credit of 7.89p.

Lord Gibson, the chairman, says a short-term dilution in earnings per share had been expected as a result of the bid for the Pearson Longman minority. But this was exacerbated by a disappointing performance from Pearson Longman and a sharp rise in the tax charge to £22.55m (£10.12m after exceptional credit of £7.02m).

Nevertheless, the total dividend for 1982 is maintained at 11.2p net per share with an unchanged final of 7.45p. Lord Gibson points out that the board is conscious of the need to increase distributions as soon as this is justified by the group's financial performance.

Turnover for the year rose by £16.3m to £718.5m, excluding banking and investment income. A breakdown of the group's pre-interest profits of £76.98m (£77.18m) shows: information and entertainment £26.38m (£28.24m); fine china £5.54m (£9.81m); oil and oil services £24.16m (£17.94m); merchant banking £11.52m (£14.44m); engineering £6.97m (£7.67m); land and agriculture £2.17m (£0.53m); other income less expenses £1.25m debit (£0.43m credit); discontinued activities £1.48m (£1.88m losses).

Lord Gibson comments that the outturn for the year is much more impressive than might appear. He explains that in the last quarter, there was no upturn in economic activity and all group businesses had to work harder to meet that element of their forecast dependent on the UK market.

In addition, the continued weakness of the oil market precipitated the international banking difficulties—which are not yet resolved—and caused a material disruption of trade in many of the group's overseas markets. For this reason, profits of Lazards showed a substantial reduction.

Of the oil exporting countries, Nigeria has caused the group the most problems, since it remains a major customer of Longman for educational books (though relatively less important than before). Although Nigeria is an important market for one of the group's engineering businesses and affects, directly and indirectly, other businesses as well, Longman's results in particular reflect the difficulties experienced in that country last year.

The group is now concentrating its efforts on the speediest possible collection of debts in Nigeria, most of which are owed by state and para-statal bodies.

The oil and oil services side turned in a strong performance, not only in sterling, but also in dollar terms. This was largely due to Camco's ability to maintain its margins and keep up its volume in the face of a general downturn in that industry.

The downturn in the oil industry was, however, beginning to be felt by Camco by the end of the year. Lord Gibson says Compressor Systems faced a sharp reduction in demand in 1982, but did very well to make a positive, but reduced contribution to profits.

In the information and entertainment sector, the most striking result was a further advance by Penguin. Fine china had a poor first half but, like engineering, it ended the year on a stronger note, the chairman reports.

He says that while recognising the difficulties of improving the return on assets in these businesses, at the bottom of the recession, the board believes that each can meet more ambitious targets in future years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Clement Clarke	2.94	—	1.74	4.38	3
Clive Discount	1.9	June 14	1.6	3.2	1.6
EIS Group	3.5	—	3.43	5	4.5
Flight Refuelling	1.9	July 8	1.57	3.02	2.5
J. Menzies	3.4	—	3.05	5	4.5
Wm Nash	5.5	—	Nil	11	Nil
S. Pearson and Son	7.45	June 24	7.45	11.2	11.2
Rush and Tompkins	4.35	—	2.75	6	4.25
Safeguard Indust ...int	2.5‡	June 10	1.8	—	5.9
Sennah Rubber	25¶	—	40	25	40
H. C. Slingsby	1.8	—	0.6	2.4	1.2
Tarmac	7.8	July 4	6.3*	11	9.2*
Travis and Arnold	4.06	—	3.89	5.46	4.33
Turriff Crp	5.8	—	5	5.8	5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § To reduce disparity with final. ¶ Gross throughout.

Clement Clarke second half upsurge

A JUMP in second half taxable profits from £938,000 to £2.08m has boosted the full 1982 figure of Clement Clarke (Holdings) to £2.79m compared with £1.62m.

Profits at the halfway stage were up at £714,000 (£683,000) and the directors felt that final results would be in line with the group's past perfomance.

Turnover of this investment holding concern, principal activities of which are dispensing, ophthalmic and manufacturing optician, advanced from £13.51m to £16.03m for the 12 months.

After tax of £1.3m, against £743,000, earnings per 25p share are shown at 23.23p (13.72p) and the dividend is stepped up to £4.375p net (3.0075p) with a final distribution of 2.9375p.

Also proposed is a one-for-four scrip issue and an increase in the authorised share capital from £2m to £4m, by the creation of a further 8m shares.

Pre-tax figure, which included £589,024 (£382,798) in respect of arrears of professional fees, was reduced to £2.44m on a CCA basis.

J. Menzies £1m ahead at £10.5m

ALTHOUGH THE traditional wholesale and retail operations of John Menzies, newsagent, bookseller, stationer, continued to suffer from a lack of discretionary consumer expenditure, pre-tax profits moved ahead from £9.4m to £10.5m for the year ended January 31 1983, a rise of 11.7 per cent.

Sales have expanded by 19.2 per cent from £336.8m to £401.6m, during the 12 months.

All divisions have started the current year well, although directors say there has been industrial troubles within some of the wholesale sector's major suppliers. They are optimistic, however, that the recent acquisitions should benefit current year's profits.

At the interim stage profits were just ahead at £1.25m (£1.13m), and the directors said the rest of the year was dependent on the buoyancy of Christmas trading and the continuity of supply from publishing houses. They added that should both these factors produce reasonable performances, a useful increase for the year was expected—second half pre-tax profits amounted to £9.25m (£8.27m).

Tax was higher at £2.5m, against £1.2m for the year, leaving net profits at £8m, compared with £8.2m. Stated earnings per 25p share were down at 27.8p (28.2p).

The dividend is increased by 11.1 per cent to 5p (4.5p) net per share with a final distribution of 3.4p (3.05p).

The directors say that the businesses bought during the year made only a small contribution to the profit increase. Goodwill arising on the purchases has been written off and makes up the bulk of extraordinary items, which took £8.1m (£0.6m).

After tax, minorities, and these items, the attributable balance came out at £1.8m, compared with a previous £7.4m.

Library services and commercial stationery have joined the group's wholesale and retail divisions within its main business, and a technical services sector "is a welcome addition," directors state, to the group's other trading activities.

Resources, they explain, will be concentrated on developing existing business together with a planned reduction in debt.

Net cash in hand has increased by £2.6m, while the longer-term requirements of the enlarged group—Lonsdale Universal and Collier MacMillan Distribution Services were acquired during the year—have been funded by a term loan of £14m.

● **comment**

The Christmas rush started late in the High Street, causing great anxiety for John Menzies. It makes most of its profits during this period. In the end the shoppers arrived and Menzies made "reasonable" profits. Its warehousing side, which distributes many periodicals including the Radio Times, was hit by industrial action but benefited from a generous 15½ per cent price increase, not likely to be repeated in 1983. Its new library services business acquired in June did not contribute significantly to 1982 profits as most of its business is done in the first quarter. Indications are that orders have been good which should boost Menzies traditionally low interim figures in 1983. If the wholesaling business escapes damaging industrial action and the High Street keeps its buoyancy, Menzies should make £12m in 1983. At 337p up 12p that puts the shares on a prospective p/e of 16.9.

EIS rises 11%—£3.6m rights

EIS Group increased pre-tax profits by 11 per cent to £3.16m, against £2.82m, in 1982, its eleventh year of profits growth. A final dividend of 3.5p makes 5p for the year, an 11 per cent increase, too.

The company now proposes to raise £3.6m by a rights issue of one for every five shares held, at a subscription price of 125p. The directors say the funds will be used to finance further growth of present subsidiaries and for acquisitions.

In 1982, EIS spent over £5m on capital spending on modernisation and new businesses including Francis Shaw the machinery business which provided a pre-acquisition surplus of £304,000. It was left at the year-end with over £1m cash.

Turnover dropped by £2.1m to £30.5m. A property revaluation added £215,000 to reserves and investment income rose from £220,823 to £431,303.

The directors say profits for the first quarter are on target and ahead of last year with orders totalling £22m in hand.

● **comment**

EIS Group's tough remedial action on cutting overheads early in the recession puts them in a strong position to benefit from any upturn. The aircraft sector continues to be dull with orders down 80 per cent on the 1981 level, but its process plant and machinery companies have had an encouraging increase in inquiries. The hydraulics division, which now includes Rubery Owen Hydraulics, increased profits by 12.5 per cent on a slightly lower turnover. Orders in hand at £22m are £2m up on the same period last year. The rights issue is to top up EIS Group's £1m funds. It spends an average £1m a year on modernisation and had committed £½m so far. It wants to increase working capital for when the upturn comes and is on the look-out for a larger acquisition in an area where it is already well established. The share price rose 4p to 154p on the much as expected pre-tax profits where it sells on a yield of 4.9 per cent.

Lasmo

The directors of London and Scottish Marine Oil (Lasmo) said at the annual meeting that thanks to higher oil prices in January and February than were now obtainable, and to increased production, operating profits were running ahead of the comparable figures for last year.

A copy of this Prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies in England and Wales for registration.

This Prospectus includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Framlington Overseas Income and Growth Fund Limited ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Participating Redeemable Preference Shares of 1p each of the Company to be admitted to the Official List.

The consents of the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1976, of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order 1958 (as amended) and of the U.K. Treasury in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act 1946 have been obtained to this issue. It must be distinctly understood that in giving these consents neither the Committees nor the Treasury take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

Participating Redeemable Preference Shares of the Company are offered on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person must be regarded as unauthorised.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. No person may treat this Prospectus as constituting an invitation to him unless in the relevant territory such an invitation could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom and Guernsey wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith.

All references to "Sterling", "£", "penny" and "p" are to the currency of the United Kingdom.

PROSPECTUS

FRAMLINGTON OVERSEAS INCOME AND GROWTH FUND LIMITED

(an investment company incorporated with limited liability in Guernsey on 21st April, 1983 under the provisions of the Companies (Guernsey) Laws, 1908 to 1973)

For the purposes of satisfying applications for subscription, Unclassified Shares of the Company will be issued as Participating Redeemable Preference Shares ("Participating Shares"). Details regarding the share capital of the Company are set out in Appendix A below.

The Company will operate as an investment fund in a similar way to a unit trust in that it may issue and redeem Participating Shares at prices based on their underlying net asset value.

The Company is designed to appeal both to overseas residents, where local laws permit, and to United Kingdom residents who are seeking a higher yield than that obtainable from similar companies investing internationally.

The Company does not have any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

APPLICATION PROCEDURE

The subscription lists for the Participating Shares now being offered will open at 10.00 a.m. on 13th May, 1983 and will close at any time thereafter as the Company may decide.

Applications must be made on the Application Form attached to this Prospectus and forwarded to Framlington Overseas Fund Management Limited, P.O. Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands, so as to arrive not later than 5.00 p.m. local time in Guernsey on 12th May, 1983. Each application must be accompanied by a remittance in Sterling for the appropriate amount made payable to "Framlington Overseas Fund Management Limited". Applications will not be acknowledged but share certificates will be sent to successful applicants by not later than 2nd June, 1983.

Acceptances of applications for Participating Shares will be conditional upon the Participating Shares now being issued being admitted to the Official List by the Council of The Stock Exchange on or before 13th May, 1983.

Applications must be for a minimum of 1,000 Participating Shares.

The Company reserves the right to reject any application in whole or in part in which event the application monies or any balance thereof will be returned to the applicant by post not later than 20th May, 1983.

All application monies will be returned by not later than 20th May, 1983 in the event that the amount raised by the Company by the present issue is less than £500,000 (see paragraph 6 under "General Information" below). All cheques, certificates and other documents will be sent by post at the risk of the persons entitled thereto.

In respect of allotments arising from applications bearing the stamp of bankers, stockbrokers, solicitors, accountants or other approved agents, Framlington Overseas Fund Management Limited will pay 1½p of the initial charge of 2½p per share due to it under this Prospectus to such agents as commission.

SHARE CAPITAL

Authorised		Issued and fully paid
£		£
100	in 100 Management Shares of £1 each	100
400,000	in 40,000,000 Unclassified Shares of 1p each	—
400,100		100

Issue of up to 40,000,000 Participating Redeemable Preference Shares of 1p each at 50p per share payable in full on application.

DIRECTORS
William Royden Stuttaford, OBE (Chairman)
64 London Wall, London EC2M 5NQ.
Chairman, Framlington Unit Management Limited

Francis Charles Lang (French)
27 Boulevard Lannes, 75116, Paris.
Director, Vintol S.A.

Peter Paul Walsh
"Les Collines du Villocq", Courtil Simon Lane, Castel, Guernsey, Channel Islands.
Director, Barfield Trust Co. Limited

REGISTERED OFFICE
Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

MANAGER
Framlington Overseas Fund Management Limited
P.O. Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands. Telephone 0481-26541. Telex: 4191606.

SECRETARY, REGISTRAR AND BANKERS
Barfield Trust Co. Limited
P.O. Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.

INVESTMENT ADVISER
Framlington Unit Management Limited
64 London Wall, London EC2M 5NQ.

AUDITORS
Deloitte Haskins & Sells, Chartered Accountants,
Albert House, South Esplanade, St. Peter Port, Guernsey, Channel Islands.

STOCKBROKERS TO THE COMPANY
Laurence, Prust & Co.
Basildon House, 7-11 Moorgate, London EC2R 6AH.

LEGAL ADVISERS

In Guernsey:
Carey, Langlois & Co.
P.O. Box 98, 7 New Street, St. Peter Port, Guernsey, Channel Islands.

In England:
Norton, Rose, Botterell & Roche
Kempson House, Camomile Street, London EC3A 7AN.

SUMMARY

(This summary should be read in conjunction with the full Prospectus of which it forms part.)

Status and method of operation

The Company is incorporated in Guernsey and will operate in a similar way to a unit trust by issuing and redeeming shares at prices based on their underlying net asset value.

Objective

The Company has been established with a view to providing investors with a balance of rising income and capital growth by investing in securities on a world wide basis. The Company is designed to appeal both to overseas residents, where local laws permit, and to United Kingdom residents who are seeking a higher yield than that obtainable from similar companies investing internationally.

Yield

The estimated initial gross yield is 4 per cent. per annum.

Manager

The Manager of the Company is Framlington Overseas Fund Management Limited, a company incorporated in Guernsey.

Investment Adviser

Investment advice will be provided by Framlington Unit Management Limited which manages eight United Kingdom authorised unit trusts. Of these trusts, Framlington International Growth Fund was, according to "Money Management" magazine, the best performing unit trust in its category over both five years and three years to 1st April, 1983.

Applications

Applications must be made on the Application Form attached to this Prospectus.

Investment and Dividend Policy

The Directors will aim to achieve a balance of rising income and capital growth through investment in securities on a world-wide basis. Initial emphasis will be placed on American and other international equity shares and American and Japanese eurodollar convertible stocks with an above average yield. However, the Directors will be flexible in their selection of securities and will be prepared to change the geographical distribution from time to time in order to meet the Company's objectives. It is unlikely that pure fixed-interest stocks having no conversion rights into equity shares will feature prominently in the portfolio except possibly on a temporary basis. If the Directors consider market conditions appropriate, all or part of the Company's assets will be retained on deposit.

It is anticipated that the initial gross yield on the Participating Shares will be approximately 4 per cent per annum. It is intended that at least 90 per cent of the net income of the Company will be distributed to shareholders by way of semi-annual dividend, normally in June and December of each year commencing December 1983. All dividends will be paid in Sterling.

Not more than 20 per cent of the combined assets of the Company and of any subsidiary (before deducting borrowed money) will be invested in the securities of any one company, including shares in any subsidiary of the Company. Not more than 25 per cent. of such assets (before deducting borrowed money) will be invested in the aggregate of (a) securities not listed on a recognised stock exchange or dealt in on an over-the-counter market (NASDAQ system) in North America and (b) holdings in which the interest of the Company and/or any subsidiary amounts to or is convertible into 20 per cent. or more of the equity capital of any listed company.

Directors

Mr. W. R. Stuttaford, aged 54, is Chairman of the Company, Chairman of the Investment Adviser and a partner of Laurence, Prust & Co. He has been a member of The Stock Exchange since 1960 and has had over 25 years' experience of investment management. He has managed four of the Framlington authorised unit trusts since their respective launch dates. He was formerly a Director of First Guernsey Securities Trust Limited and is currently a Director of Guernsey Atlantic Securities Trust Limited. He is a Director of the Manager and a shareholder and Director of Bronzeleaf Limited, the parent company of the Manager and the Investment Adviser.

Mr. F. C. Lang, aged 51, is a Director of and adviser to various overseas companies, one of which, Vintol S.A., is listed on the Luxembourg Stock Exchange. From 1974 to 1978 he was engaged in industrial management in a family company in France and prior to that had 14 years' experience of investment management, investment banking and merchant banking, mainly with Hill Samuel & Co. Limited, of which he was a Director until the end of 1974. From 1963 until 1967 he was the investment manager of West European Investment Trust Limited, an investment trust established for clients of Hill Samuel & Co. Limited and of British Shareholders International Trust, a United Kingdom unit trust managed by the same merchant bank. He was also on the board of advisers of Eurosyndicat S.A., which was established in the early 1960s by a group of European banks to prepare economic and investment reports and manage investment funds on an international basis.

Mr. P. P. Walsh, aged 37, has been a Director of Barfield Trust Co. Limited since 1981 and is a shareholder of The Bank of N.T. Butterfield & Son Limited. Since 1968 he has been engaged in the provision of offshore financial services and since 1971 has been an Associate of the Institute of Bankers. He is a Director of a number of companies which provide investment and fund management services for offshore funds, including Bamford Brandt Guernsey Management Limited.

Manager

Framlington Overseas Fund Management Limited ("the Manager") has been appointed to manage the business of the Company subject to the control of the Directors (see "General Information", paragraph 19 below).

The Manager was incorporated in Guernsey on 14th April, 1983 and has an authorised share capital of £5,000 divided into 5,000 shares of £1 each, all of which are issued fully paid up and are beneficially owned by Bronzeleaf Limited, a company incorporated in England. The partners of Laurence, Prust & Co. own the majority of the issued share capital of Bronzeleaf Limited.

Initially, the Manager will receive from the Company a monthly fee of an amount determined by the Manager not exceeding one twelfth of one half per cent. of the value of the net assets of the Company as at the last valuation day in each month, calculated in accordance with the manner specified in the Articles of Association of the Company for determining the subscription price of Participating Shares. However, the Manager reserves the right to increase this fee at any time up to an amount not exceeding one twelfth of one per cent. of such value. The subscription price of Participating Shares will be rounded up to the nearest one tenth of one penny and the redemption price will be rounded down to the nearest one tenth of one penny. The benefit of these roundings will be retained by the Manager. The Manager will receive an initial charge of 2½p per share included in the amount of 50p per share payable in respect of all Participating Shares issued pursuant to this Prospectus and, in respect of any subsequent issues of Participating Shares, will be entitled to an initial charge of an amount not exceeding 5 per cent of the subscription price of such shares.

The Manager has the right to purchase Participating Shares offered for redemption at a price not less than the price payable by the Company on a redemption of shares and to sell Participating Shares at a price not exceeding the aggregate of the amount which would be receivable by the Company in respect of a subscription for shares, the Manager's initial charge and any rounding-up adjustment.

Investment Adviser

The Manager will have access to the investment expertise of Framlington Unit Management Limited, ("the Investment Adviser") which has been appointed as investment adviser to the Manager in relation to the Company's portfolio (see "General Information", paragraph 19 below). The Investment Adviser will receive from the Manager a monthly fee equal to one twelfth of one quarter per cent. of the value of the net assets of the Company up to £5,000,000 and one twelfth of one eighth per cent. of the excess of such value over £5,000,000. For this purpose, the value of the net assets will be calculated as at the last valuation day in each month by the same method as that for determining the Manager's monthly fee.

The Investment Adviser, which manages eight authorised unit trusts, was the "Observer" "Unit Trust Manager of the Year" for both 1981 and 1982. Framlington International Growth Fund was the best performing of the international trusts monitored by "Money Management" magazine over five years and three years to 1st April, 1983. The total value of investments managed by the Investment Adviser as at 31st March, 1983 exceeded £140,000,000.

The Investment Adviser is a subsidiary of Bronzeleaf Limited.

Secretary and Registrar

Barfield Trust Co. Limited ("Barfield") has been appointed as Secretary and Registrar of the Company (see "General Information", paragraph 19 below). As remuneration for its services, Barfield will receive from the Company a monthly fee of an amount determined by reference to the value of the net assets of the Company as at the last valuation day in each month (calculated by the same method as that for determining the Manager's monthly fee), subject to a minimum monthly fee of £700. Further details of Barfield's monthly fee are contained in paragraph 16 under "General Information" below.

Barfield has also entered into an agreement under which the Manager has delegated to Barfield the administrative duties imposed on the Manager by the Company. For its services under this agreement, Barfield will receive from the Manager an annual fee of £1,000. The fees receivable by Barfield under this agreement and for acting as Secretary and Registrar of the Company are subject to review with effect from October in each year, commencing October, 1984 and October, 1987, respectively. Further details of this agreement are contained in paragraph 19 under "General Information" below.

Barfield is a company incorporated in Guernsey and is registered under The Protection of Depositors ...

Price will be based on the underlying net asset value of the Company as at the relevant valuation day, which is normally the business day preceding the subscription day and the method of calculation is set out in Appendix B below.

Redemption proceeds which will be denominated in Sterling will normally be despatched by the Manager on the later of the date on which the redemption or purchase takes effect and the date of receipt by the Company of the relative share certificate with the redemption form on the reverse duly completed by the shareholder.

The Directors of the Company may suspend the valuation of assets at any time if, in their opinion, it is not reasonably practicable for the Company to dispose of investments or fairly to determine the value of its net assets, or if a breakdown occurs in any of the means normally employed to ascertain the value of its investments, or if for any other reason the value of the investments or other assets of the Company cannot reasonably be ascertained. No Participating Shares may be redeemed during a period of suspension. Any such suspension shall terminate when the Directors declare that the suspension is at an end or, if earlier, on the first business day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised shall exist. The Directors are obliged to use their best endeavours to place a notice in the Financial Times, London or such other newspaper as they may determine that a period of suspension has been declared or terminated.

The Company is not bound to redeem on any one subscription day more than one-quarter of the total number of Participating Shares then in issue. If the Company receives requests for the redemption at any one subscription day of a greater number of Participating Shares, it has the right to scale down the number to be redeemed to ensure that the foregoing limit is not exceeded and the balance will be carried forward for redemption at the next subscription day. This procedure will be continued until all requests for redemption have been satisfied.

Participating Shares may be transferred by common form of transfer.

The Company has the right to redeem all outstanding Participating Shares if at any time after the fifth anniversary of the date of the Company's incorporation the value of its net assets for 26 consecutive weeks is less than £5,000,000. In addition, all Participating Shares not previously redeemed will be redeemed by the Company at the Redemption Price ruling on 31st December, 2083 or the next business day.

Publication of Prices

The Manager will arrange for the latest prices of Participating Shares to appear in the Offshore and Overseas Managed Funds section of the Financial Times, London.

Reports and Accounts

The financial year of the Company will end on the last valuation day in April of each year, commencing in 1984. Copies of the audited accounts of the Company will be sent to shareholders once a year. Shareholders will also be sent half-yearly reports relating to the Company.

Taxation

The Administrator of Income Tax in Guernsey has confirmed that income of the Company arising outside Guernsey, and deposit interest receivable in Guernsey, will not be liable to Guernsey income tax. The Company's liability to Guernsey taxation will, therefore, be limited to corporation tax, which is currently levied at the flat rate of £300 per annum. Dividends will be payable to shareholders without any deduction of tax at source except that those payable to residents of Guernsey for tax purposes will be subject to deduction of Guernsey income tax, currently at a rate of 20 per cent. It is intended that the Company will not be resident in the United Kingdom for taxation purposes.

Guernsey does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties. No stamp duty will be levied in Guernsey on the transfer or redemption of shares in the Company.

The investment income of the Company may be received after deduction of withholding taxes in the country of origin.

Holders of Participating Shares who are resident in the United Kingdom for tax purposes may, depending on their individual circumstances, be liable to United Kingdom income tax or corporation tax in respect of dividends or other income distributions of the Company. Holders (other than those holding Participating Shares as dealing stock who are subject to different rules) who are resident or ordinarily resident in the United Kingdom may, unless exempt, be liable to United Kingdom capital gains tax or corporation tax in respect of gains arising from the disposal or redemption of Participating Shares.

The United Kingdom Government proposes to introduce legislation during 1983 which could impose a ...

APPENDIX A

[illegible]

18. Deloitte Haskins & Sells have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of their Report in the form and context in which it is included.

19. The following contracts, not being contracts in the ordinary course of business, have been entered into since the date of incorporation of the Company and are or may be material:—

(i) An agreement dated 25th April, 1983 made between the Company and the Manager under which the Manager was appointed to manage the business of the Company. This agreement may be terminated by either party by not less than 12 months' written notice.

(ii) An agreement dated 25th April, 1983 made between the ...

... inspection at the offices of Barfield Trust Co. Limited, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands and of Norton, Rose, Botterell & Roche, Kempson House, Camomile Street, London EC3A 7AN, during usual business hours (Saturdays and public holidays excepted) until 12th May, 1983:—

(i) The material contracts referred to in paragraph 19 above.

(ii) The Memorandum and Articles of Association of the Company and the Manager.

(iii) The Companies (Guernsey) Laws 1908 to 1973 under which the Company was incorporated.

(iv) The report and consent of Deloitte Haskins & Sells, Chartered Accountants.

26th April, 1983

This form when completed should be forwarded to Framlington Overseas Fund Management Limited, P.O. Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands to arrive not later than 5.00 p.m. local time in Guernsey on 12th May, 1983 together with a cheque, bankers draft or money order for the amount payable on application. (Note 1).

Framlington Overseas Income and Growth Fund Limited
APPLICATION FORM

Issue of up to 40,000,000 Participating Redeemable Preference Shares of 1p each ("Participating Shares") at 50p per share payable in full on application

*Applications must be for a minimum of 1,000 shares.

Number of Participating Shares applied for*	Amount enclosed
	£

To: Framlington Overseas Income and Growth Fund Limited ("the Company")

I/We hereby offer to subscribe for the above stated number of Participating Shares and I/we agree to accept the same or any smaller number of Participating Shares in respect of which this application may be accepted upon the terms of the Prospectus dated 26th April 1983 and subject to the Memorandum and Articles of Association of the Company as in force from time to time. I/We enclose a remittance for the above mentioned sum by cheque, bankers draft or money order (Note 1). I/We acknowledge that the Company reserves the right to reject any application in whole or in part.

I/We hereby authorise you to send a share certificate and/or a cheque for any surplus application monies to me/us by post at my/our risk to the first address given below. I/We declare and warrant that due completion of this application form accompanied by a cheque will constitute an undertaking by me/us that the cheque sent herewith will be paid on first presentation and any allotment to me/us is strictly on this understanding.

I/We declare that I am/we are not resident in the Bailiwick of Guernsey for the purpose of liability to Guernsey income tax and I am/we are not acquiring the above mentioned shares as the nominee(s) or trustee(s) of any person(s) so resident (Note 2).

Dated ______________________, 1983

Full names of applicant(s) (in Block Capitals) ______________________

Signature(s) of applicant(s) (Notes 3, 4 and 5) ______________________

Address for communications (in Block Capitals) ______________________

Address for registration (if different from above) (in Block Capitals) ______________________

Notes:

1. All cheques, bankers drafts and money orders should be in Sterling and be made payable to "Framlington Overseas Fund Management Limited" and sent to it at P.O. Box 71, Barfield House, St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands.
2. If the taxation declaration cannot be made, it should be deleted, in which event Guernsey income tax at the standard rate from time to time in force will be deducted from all income distributions to the applicant(s).
3. In the case of joint applicants, all must sign.
4. A corporation must execute this Application Form under its Common Seal or under the hand of a duly authorised officer who should state his capacity.
5. If this Application Form is signed by an attorney, the Power of Attorney must accompany the form.

Agent's Stamp

UK COMPANY NEWS

MINING NEWS

Flight Refuelling advances and sees further growth

AN INCREASE in pre-tax profits from £3.02m to £3.75m has been shown by **Flight Refuelling (Holdings)** for 1982—which is in line with the halftime forecast for "modest improvement" in the second six months. The year's dividend has been raised, also as forecast, and the directors expect further growth in 1983.

The results include a first-time contribution from Stanley Aviation Corporation. All operating companies have improved and contributed to the overall increase, say the directors.

They are confident that a number of substantial contracts which have been received during the past 12 months, together with new orders to be confirmed in the near future will lead to further profits growth in 1983.

The final net dividend has been raised from 1.57p to 1.9p which lifts the total from 2.5p to 3.02p. Earnings per 25p share are shown as improving from 10.87p to 13.6p. A one-for-two scrip issue is also proposed.

Turnover of this manufacturer of specialised equipment for aircraft, nuclear and electronics industries moved ahead from £21.89m to £27.91m.

At the trading level profits rose from £3.16m to £3.83m. Last time there was net interest of £61,000 paid on the acquisition of Stanley Aviation, and associate losses of £3,000. Provision for a share incentive scheme rose from £73,000 to £82,000.

Tax took £744,000 (£748,000). Attributable profits emerged ahead from £2.27m to £3.01m from which dividends absorbed £667,000 (£551,000). The retained balance improved from £1.72m to £2.34m.

On a current cost basis profits were reduced to £2.6m (£2.1m) and earnings per share were 8.39p (6.45p).

• comment

Few companies in the defence field can have benefited from the Falklands conflict so directly as Flight Refuelling. However, the bulk of its 24 per cent increase in pre-tax profits came from Stanley Aviation's first full-time contribution from the U.S. The Falklands spin-off will really come into its own in the years ahead as FR reaps the gains of its multi-million pound involvement in the JP233 airfield denial weapon and a major order for the conversion of TriStar tankers for the RAF. In some divisions order books stretch up to three years ahead and the prospect for further contracts is good. The group is waiting to hear whether it will be part of the Phoenix programme to develop remotely piloted vehicles. On that basis, pre-tax profits of £4.6m look possible in the current year. Yesterday's share price rose 10p to 315p, on an admittedly tight market. The prospective p/e of more than 30 is enough to take one's breath away, but it reflects the growth prospects of a company whose only problem seems to be the vastness of its opportunities.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Assets Trust, London and Provincial Shop Centres, North British Properties, TR Australia Investment Trust.

Finals: BSG International, Henry Boot, Border Breweries (Wrexham), Bo Vets Hotels and Restaurants, Carpets International, Elbar Industrial, Jossel Toynbee and Gillott, Lilleshall, Marlborough Property, James Neill, Shiloh, Telephone Rentals, Thomson T-Line Caravans.

FUTURE DATES

Interims—	
ANZ Bank	May 23
Akroyd and Smithers	May 9
Barton Transport	May 5
Pearce (C. H.)	May 3
Warner Estate	May 12
Finals—	
Bishopsgate Trust	May 9
Bonusbond	May 3
Bremner	Apr. 29
City of Oxford Invest. Trust	May 11
Foseco Minsep *International*	*May 3*
Foster (John)	May 16
House of Fraser	Apr. 28
Hunting Associated Industries	Apr. 28
More O'Ferrall	May 10
Rotaflex	May 10
Shires Investment	May 10
Titaghur Jute Factory	Apr. 29
Tootal	May 3

USM placing for Securiguard

Securiguard Group, which provides security and cleaning services in southern England, is to arrive on the Unlisted Securities Market by way of a placing which values the company at £7.2m or 29 times its fully-taxed prospective earnings.

The company's stockbroker, Phillips and Drew, is placing 1.49m shares, or 27.8 per cent of the total equity, at a price of 134p per share, it was announced yesterday. The placing of both new and existing shares, will raise £395,000 of capital after expenses.

The directors forecast that pre-tax profits for the year ending October 1983 will be at least £500,000, compared with a figure of £327,000 on turnover of £6.1m in the year 1981-82. The fully taxed p/e of 29, after allowing for dilution, is believed to be a record for any placing of shares in a company coming to the USM. Nevertheless, Phillips and Drew reports that the placing has already been over-subscribed several times and the price is expected to rise significantly when dealings begin next Tuesday.

The company founder, Mr Robin Pritchard, who is now a non-executive director is selling nearly 900,000 of his family's shares through the placing but retains control of just over 50 per cent of the total equity.

On April 8, the company had positive bank balances and cash of £427,000, up from £136,000 at the year end. The directors say that the capital will be used to finance new acquisitions both in the UK and possibly the U.S. The company is considering a move into security hardware manufacturing. A dividend of 0.875p is promised for the current year giving a prospective yield of 1.86 per cent at the placing price.

• comment

Several of the security service companies and new-style contract cleaners are on fancy ratings at the moment, with p/e ratios well above 30, so the placing price for Securiguard Group does not seem excessive. The current annual value of the private sector contract cleaning market, in offices, is about £500m, but the stock market appears to have discounted already the sub-contracting of another £1,000m of work each year by local authorities and national government. Securiguard expects to begin its first hospital cleaning contract this summer. But a Labour victory at the next election would greatly reduce the sector's popularity. Securiguard, however, over the last five years has shown that it is able to take market share away from the small two-man operators in what is still a highly fragmented market. The group's security services are less vulnerable to the vicissitudes of politics, at least as long as urban crime continues to soar. An entry into manufacturing alarms and surveillance equipment would give a high tech flavour to the company which may be important if the popularity of its sectors starts to sag.

Asarco lifts earnings in the first quarter

BY KENNETH MARSTON, MINING EDITOR

AMERICA'S big smelter and miner of non-ferrous metals, Asarco, reports a net profit of $16.17m (£10.39m), or 45 cents per share, for the first quarter of this year. It includes a pre-tax credit of $14.17m for foreign currency gains and goes against a profit of $8.9m in the previous three months when financial gains outweighed a loss on operations of $6.8m.

Earnings in the latest quarter were helped by better prices for silver and copper together with *a full three-months' full capacity* operations at the new Troy silver-copper mine in Montana.

The exchange gains in the quarter do not include an estimated $25m arising from the devaluation of the Australian dollar on March 3. This results from Asarco's 44 per cent stake in the Australian MIM Holdings. These exchange gains will be taken into Asarco's results for the current quarter.

As in the cases of other trans-atlantic natural resource majors, an important factor in the improved first quarter results has been the benefit of the measures put into force last year to reduce costs and improve productivity.

Mr Ralph L. Hennebach, the chairman, comments: "Since late 1981 Asarco has streamlined its operations sufficiently to be able to operate profitably again. However, further strengthening of the economic recovery, which now seems to have arrived, will be required to sustain and improve the company's present level of earnings."

Better profits at Homestake

HIGHER gold and silver prices have lifted first quarter earnings of America's veteran Homestake Mining. Mr Harry Conger, the chairman, says that first quarter results will show a profit of about $12m (£7.7m), or 35 cents a share. This compares with $10.4m in the previous three months and only $2.4m in the first quarter of last year.

Mr Conger points out that operating costs in the latest quarter were held to some $52m, only 3 per cent above those of a year ago. "Gold and silver were unquestionably the big winners for us," he adds, although silver earnings were checked by reduced production from the Bulldog mine in south-western Colorado.

Homestake has sold some 2.8m shares out of the extra 3m common shares authorised earlier this year. As a result the proceeds of about $72m should allow the company to undertake planned capital projects without recourse to the debt market.

China interested in Australian iron ore mine joint ventures

AT LEAST three Australian companies have offered to discuss joint ventures with the Chinese Government in the development of new Australian iron ore mines, reports **Mark Baker from Peking**. Mr Jing Shuping, deputy general manager of China International Trust, said that proposals had been raised by **Mt. Goldsworthy, Hamersley Holdings** and **Broken Hill Proprietary**.

He returned to Peking yesterday after a six-day visit to Australia with the Chinese premier, Mr Zhao Ziyang, during which he specifically looked at investment prospects. He said that China was interested in securing long-term iron ore supplies by either taking a substantial holding in an existing mine or forming a joint venture to open a new one.

Mr Jing said that he had discussed the matter with many company and government officials. Asked whether any of the companies had proposed possible partnership arrangements, he said: "They all proposed something like that. They all had proposals, I think especially Goldsworthy and Hamersley."

He said that Chinese officials would now make a detailed study of various options but the country would probably take up its investment interests in two stages. "The first stage is to sign a long-term contract for the supply of iron ore and then we can go into exploration of a new project."

China is keen to invest in Australian iron ore mines in order to secure long-term supplies of high grade ore for the giant Boashan steelworks, near Shanghai, the first stage of which is nearing completion.

BASE LENDING RATES

A.B.N. Bank	10 %	Grindlays Bank	†10 %
Al Baraka International	10 %	■ Guinness Mahon	10 %
Allied Irish Bank	10 %	■ Hambros Bank	10 %
Amro Bank	10 %	Heritable & Gen. Trust	10 %
Henry Ansbacher	10 %	■ Hill Samuel	§10 %
Arbuthnot Latham	10 %	C. Hoare & Co.	†10 %
Armco Trust Ltd.	10 %	Hongkong & Shanghai	10 %
Associates Cap. Corp.	10 %	Kingsnorth Trust Ltd.	12 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	10½%
Bank Hapoalim BM	10 %	Lloyds Bank	10 %
BCCI	10 %	Mallinhall Limited	10 %
Bank of Ireland	10 %	Edward Manson & Co.	11½%
Bank Leumi (UK) plc	10 %	Midland Bank	10 %
Bank of Cyprus	10 %	■ Morgan Grenfell	10 %
Bank Street Sec. Ltd.	10½%	National Westminster	10 %
Banque Belge Ltd.	10 %	*Norwich Gen. Tst.*	10 %
Banque du Rhone	11 %	P. S. Refson & Co.	10 %
Barclays Bank	10 %	Roxburghe Guarantee	10½%
Beneficial Trust Ltd.	11 %	Royal Trust Co. Canada	10 %
Bremar Holdings Ltd.	11 %	Slavenburg's Bank	10 %
Brit. Bank of Mid. East	10 %	Standard Chartered	‖10 %
■ Brown Shipley	10½%	Trade Dev. Bank	10 %
Canada Perm't Trust	11 %	*Trustee Savings Bank*	10 %
Castle Court Trust Ltd.	10½%	TCB	10 %
Cayzer Ltd.	10 %	United Bank of Kuwait	10 %
Cedar Holdings	10 %	Volkskas Intl. Ltd.	10 %
■ Charterhouse Japhet	10 %	Westpac Banking Corp.	10 %
Choulartons	11 %	Whiteaway Laidlaw	10½%
Citibank Savings	¶10 %	Williams & Glyn's	10 %
Clydesdale Bank	10 %	Wintrust Secs. Ltd.	10 %
C. E. Coates	10½%	Yorkshire Bank	10 %
Comm. Bk. of N. East	10 %		
Consolidated Credits	10½%		
Co-operative Bank	*10 %		
The Cyprus Popular Bk.	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%. 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6½%, £10,000 up to £50,000 7¼%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6½%.
§ 21-day deposits over £1,000 7¼%.
‖ Demand deposits 6¼%.
¶ Mortgage base rate.

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	134	—	6.4	4.8	7.8	10.2
158	117	Ass. Brit. Ind. CULS	151	—	10.0	6.6	—	—
74	57	Airsprung Group	62xd	—	6.1	9.8	17.7	17.2
46	30	Armitage & Rhodes	30	—	4.3	14.3	3.3	6.9
321	197	Bardon Hill	321	—	11.4	3.6	13.5	17.0
143	100	CCL 11pc Conv. Pref.	142	−1	15.7	11.1	—	—
270	210	Cindico Group	210	—	17.6	8.4	—	—
86	51	Deborah Services	61	—	6.0	11.8	3.4	9.1
97	77	Frank Horsell	97	—	—	—	8.1	8.7
95½	75½	Frank Horsell Pr Ord 87	95½	—	8.7	9.1	10.8	11.4
83	61	Frederick Parker	62	—	7.1	11.5	3.9	6.2
55	34	George Blair	34	—	—	—	5.9	12.3
100	74	Ind. Precision Castings	78	—	7.3	9.4	10.0	12.6
165	100	Isis Conv. Pref.	165	—	15.7	9.5	—	—
144	94	Jackson Group	144	—	7.5	5.2	4.4	9.2
214	111	James Burrough	212	−2	9.6	4.5	15.5	17.2
260	148	Robert Jenkins	152	—	20.0	13.2	1.7	24.1
83	54	*Scruttons "A"*	70	−1	5.7	8.1	9.1	10.9
167	112	Torday & Carlisle	115	—	11.4	9.9	5.2	8.8
29	21	Unilock Holdings	28	—	0.46	1.6	—	—
86	64	Walter Alexander	67	—	6.4	9.6	4.9	6.9
270	214	W. S. Yeates	264	−1	17.1	6.5	4.1	8.4

Prices now available on Prestel page 48146.

UK COMPANY NEWS

Solicitors' Law losses reduced to £0.45m

REDUCED losses before tax of £445,000 against £739,000 have been shown by the Solicitors' Law Stationery Society for 1982. The directors say the group earned profit during the last quarter of 1982 and profitable trading has continued throughout the first quarter fo 1983.

At the halfway stage pre-tax losses amounted to £114,000 compared with previous profits of £63,000.

For the year under review the turnover of this company, with interests in printing and legal services, moved ahead from £21.98m to £22.89m.

Mr John Swanborough, managing director, says the company was "substantially in the black in the first quarter," and he expects profits to continue. Having taken into account lower costs he is reasonably confident the company will end up with a "sensible profit" for the year.

The loss per 20p share emerged lower at 3.9p (6.5p), and there is again no dividend. Mr Swanborough says the prospects for a dividend in the foreseeable future "must be better." He note that reserves were in deficit and said the company was not contemplating a capital reconstruction.

● comment

Solicitors' Law's 40 per cent reduction in per-tax losses sees it emerging from a six-year decline. The company has shed 20 per cent of its workforce in the past year, disposed of its unprofitable conference subsidiary and completed a £1.1m investment in computer typesetting and general computing. Order books across the board are up more than 10 per cent in the current year, partly stimulated by price reductions of up to 30 per cent in the stationery divisions, which the company admits had drifted out of line with the market. despite the impact this has had on margins, trading was profitable in the final quarter and continues that way. The group anticipates a "sensible" profit in the current year. Orders are also being supported indirectly by the pick-up in the housing market, whre an increased volume of conveyancing has created rising demand for legal stationery and forms. Future growth lies in the company's new software packages for automating solicitors' routine work, of which it has introduced three, with plans for around 12 more. It has recently acquired a small commercial stationery wholesaler to test that market as another possible growth area. The shares rose 1p to 23p.

Polymark beats revised forecast

STRUCK BEFORE exceptional charges of £234,000 profits of Polymark International totalled £710,000 for 1982, a slight improvement over the revised forecast made in November of £640,000 before exceptional items of £200,000. Pre-tax profits came to £475,000.

From the previous year the group, a supplier of machinery to laundries and a garment manufacturer, incurred taxable losses of £107,000.

Recently-appointed chairman Mr Len Weaver comments that 1982 was a demanding and intense year for the group.

He adds, however, that the group has emerged from 1982 in a leaner shape and better organised to tackle the threats and opportunities facing it and points out that there are now signs that some of its markets are beginning to pull out of recession.

Although he says it is prudent to be cautious about prospects for 1983 because of the seasonal nature of demand for some products and the possible effect of fluctuating exchange rates, he is confident that further progress will be made.

As forecast, no dividend will be paid on the ordinary shares for 1982. A first dividend of 3.7808p net per convertible preference 'A' share was paid last December.

Turnover for the year under review expanded from £21.64m to £24.34m and at the trading level profits amounted to £1.68m (£844,000) before interest charges of £968,000 (£951,000).

Tax took £469,000 (£36,000) and minorities accounted for £33,000. Extraordinary items added £500,000 (took £1.94m).

Loss per ordinary share pre-extraordinary items came through at 2.67p (2.64p).

● comment

Last year was a traumatic period for British laundry equipment makers. Both Neil & Spencer, which reported last week, and Polymark had to be pulled back from the brink by cash injections and surgery. Polymark returned from an 18 month share suspension following a rights issue and *institutional capital injection in* July. Even after this the tough state of the UK market lead to a downward revision of the profits forecast in November to around the level actually achieved. The new chairman, put in by the institutions, has overseen a major restructuring and further cuts in the workforce—now half the level of three years ago—the cost of which has been taken as an exceptional item. The industry has been suffering from poor demand and intense import competition, particularly from the Germans. Ironically Polymark's own attempt to invest in Germany turned sour in 1981 and it was £2.3m provisions against this that ravaged the shareholder's funds. Helped by the new money gearing has been pulled below 100 per cent. Most overseas activities are performing well and exports should *benefit from a weak pound*, but the main improvement is expected at home where there are signs of some pick up in demand after a much delayed re-investment by customers. Even so there seems little room for price increases and the hospital service, a major user, continues to postpone buying decisions while its operations are reviewed. Yesterday Polymark's shares rose 1p to 22p.

Travis and Arnold rises 39%

BUILDERS AND plumbers merchant and timber importer Travis & Arnold pushed up taxable profits from £5.37m to £7.49m in 1982—an increase of 39.3 per cent. Turnover advanced by £10.22m to £100.63m.

Earnings per 25p share (after preference distribution but before tax) are given higher at 43.7p (31.3p) and the final dividend is being raised from 3.89p to 4.06p net making an increased total of 5.46p (4.33p).

The directors say the improvement in turnover has been maintained in the first quarter of 1983 and they are optimistic about the remainder of the year.

At the half-year stage the company had already advanced from pre-tax profits of £2.01m to £2.61m on turnover of £47.05m (£43.6m).

For the year trading profits rose by 31.6 per cent to £6.06m (£4.6m). Pre-tax profits included interest received of £518,000 (£559,000), a surplus of £518,000 (£150,000) on the sale of investments and a profit of £392,000 (£63,000) on the sale of properties.

Tax took £2.59m (£1.99m) and after preference dividends of £28,000 (same) and ordinary dividends of £932,000 (£738,000) the retained balance emerged at £3.94m (£2.62m).

Shareholders' funds stood at £41.31m (£37.36m) at the year-end. Net cash and short-term investments amounted to £7.22m (£4.85m).

Current cost adjustments reduced the pre-tax figure to £6.09m (£4.2m) and earnings per share (before tax) to 35.5p (24.5p).

Rush & Tompkins improves to £2.3m

A RISE in second-half profits from £1.24m to £1.33m pushed up 1982 pre-tax figures of Rush & Tompkins Group to £2.31m, against £1.71m previously. Turnover of this property investment and building and civil investment ing contracting group was £7.63m higher at £91.87m.

With stated earnings per 25p share ahead from 12.3p to 16.4p, the year's dividend is being lifted by 1.75p to 6p net with an increased final of 4.35p (2.75p).

Net rents were slightly lower at £1.82m (£1.86m), but trading profits, *including* associated companies, improved from £2.3m to £3.03m. Central expenses took £369,000 (£370,000) and interest charge was £2.17m (£2.08m).

Tax increased from £318,000 to £505,000, while there were also minority credits of £11,000 (£34,000 *debits*) and extraordinary charges of £45,000 (£37,000).

The 1982 extraordinary items *comprised: £172,000 provision* for cost on termination of subsidiary licence agreement; £22,000 closure and reorganisation costs; £324,000 adjustment on sale and purchase of subsidiary shares; less £473,000 exchange profits.

Net assets per share rose from 337p to 341p.

Far-reaching changes were made to the structure of the company's organisation from the beginning of 1983. UK building and civil engineering divisions were combined and all major construction work will be undertaken in the name of Rush and Tompkins.

During the year, the company renegotiated its financial facilities, so as to provide a more appropriate balance between medium- and short-term loans, and has converted some £10m into the latter category.

Borrowings at the end of 1982 showed a substantial increase over the previous year largely *due to the purchase of Arlington* Developments. As its schemes are undertaken these will be sold and the investment recovered.

William Nash

On turnover of £9.88m, against £9.55m, William Nash, specialist paper maker, turned in taxable profits of £425,585 for 1982, compared with losses of £168,888 previously.

Earnings per £1 share are shown as 84p (50.8p losses) and the dividend is 11p (nil) with a 5.5p final payment.

Tax charge was £51,367 (£13,740) and there was an extraordinary credit of £14,645, against a £46,961 debit.

Gallaher ahead by 27% in first quarter

FIRST QUARTER profits before tax at Gallaher showed a 27 per cent rise from £23.6m to £30m for the three months to the end of March 1983. Sales moved ahead from £576m to £668.7m, excluding VAT.

Virtually all sectors of the group made good trading progress, says Mr S. G. Cameron, chairman. He points out that interest charges were down from £4m to £2.6m as a result of lower borrowings.

This Belfast-based group is wholly-owned by American Brands.

A breakdown of turnover and trading profit by division shows: tobacco £522.9m (£469.7m) and £28.4m (£26m); optical £16.8m (£15.7m) and £2.5m (£2.2m); pumps and valves £21.9m (£17.3m) and £0.9m (£0.3m); distribution £126.6m (£110.6m) and £1.8m (£1.1m); office products £13.8m (£12.3m) and losses £0.2m (profit £0.5m). Inter divisional sales accounted for £33.3m (£49.6m) and adjustments took £0.8m (£2.5m).

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 10½ per cent, the same as last week and compares with 13¼ per cent a year ago. The bonds are redeemable on May 2 1984 at £100. A full list of issues will be published in tomorrow's edition.

BIDS AND DEALS

Wolverhampton & Dudley makes final £26m bid for Davenports

BY GARETH GRIFFITHS

Wolverhampton and Dudley Breweries yesterday made its third and final bid for Davenports, the Birmingham-based brewer. The offer is worth *£25.9m.*

The revised offer provides that for every five Davenports ordinary shares there is an option of four new W and DB shares and £4.75 in cash, or £15.75 in cash. The offer document says that with a mid-market price on April 22 of 280p for a W and DB share, the shares and cash terms imply e value of 319p for each share of Davenports. The 60p per share in casb for the 200,000 preference shares remains the same.

Hill Samnel, Davenports' financial advisors, immediately said the offer bad been revised marginally and that it in no way altered the views of Davenports board to reject the offer. A rejection document is to be sent out to shareholders next week.

Wolverhampton said yesterday it was paying £6m in goodwill for the company. It said it did *not* regard Davenports' 80 per cent dividend increase "which we assume is a direct consequence of our offers" to be prudent. Wolverhampton intends to increase its dividends from 6.05p to not less than 6.75p per share for the year ending September 30, 1983.

Mr Robert Houle, Wolverhampton's finance director, said that if the takeover bid did not succeed Wolverhampton "would pack our tents and that is it." The latest Wolverhampton price for Davenports implies an exit price/earnings ratio of 25.9.

The cash element for the Wolverhampton bid would be funded through bank facilities. The company already owns 9.8 per cent of Davenports and says the takeover would make sense because of geographical proximity and complementary product ranges.

Wolverhampton made its first bid worth £21m on March 9 and a second bid worth £23.5m on March 22. This attracted acceptances from just 1.17 per cent of *ordinary shareholders* by the first closing date on April 18. The closing date for the bid's acceptance is May 10.

TRUST MERGERS CLEARED

The proposed merger between Throgmorton Trust and Pentland Investment Trust and the proposed merger between Edinburgh Investment Trust and Scottish United Investors will not be referred to the Monopolies and Mergers Commission.

Tilling court order withdrawn

BTR bas announced thet the conrt order obtained by Thomas *Tilling in Cook County, Illinois,* to restrain BTR from posting its offer and from acquiring shares in Thomas Tilling bas been withdrawn. BTR said the effect of the order *sought by Tilling* would bave deprived 47,000 shareholders (only 35 beving registered addresses in the U.S.) of the opportunity to consider BTR's offer *set out in their offer* document on April 19.

It was announced last week that an insurance offshoot of Tilling bad sougbt to block the issue of BTR's *offer* documents on the grounds that prior permission was necessary in order to ecquire a U.S. insurance business.

BTR claimed the court action was an attempt by Tilling to draw ettention away from the takeover *issue.*

DELTA GROUP

Delta Group confirms that its *South African bolding company,* Delta SA (Pty), has merged its electrical repair and insulation business in South Africa with the largest electrical rewind company there. *L. H.* Marthinusen, *in which* the GEC group previously owned a 55 per cent interest.

The merger was ratified by the LHM bolders on *March* 21, and on April 25 *LHM* allotted new shares equivalent to 51 per cent of the enlarged group as consideration for the Delta business.

The asset value of Delta's electrical repair and insulation business as at Janoary 1 1983, *attributable to the* 49 per cent Delta interest, was £1.4m and the ettribntable profit before tax for 1982 was £0.7m. The value of the LHM assets, attributable to *the 51 per cent Delta interest, as* et March 31 1982, was £2.2m and the profit before tax ettributable to that interest for the year to March 1982 was £0.4m.

After an initial period of nine months from April 1 1983, should either GEC or Delta wish to discontinue their joint shareholding, then either can require all of the shares held by GEC companies, representing 27 per cent of the enlarged group, to be sold to Delta SA at a formula price calculated with reference to the asset value of LHM.

Ladbroke Holidays expansion

Ladbroke Holidays, a subsidiary of the Ladbroke Group, has purchased 60 per cent of Club Cantabrica Holidays, of St Albans, Herts, *for £2.43m* subject to an increase of up to £800,000 depending on 1983 profits. Ladbroke recently purchased Cheshire-based Berkeley Holidays.

Club Cantabrica, a market leeder in the provision of bndget-priced coaching bolidays to the Mediterranean, will be responsible for the management of Berkeley Holidays.

Formed in 1976, Club Cantabrica *currently* has a programme for 35,000 holidaymakers in 1983. The programme is mainly self-catering in villas, apartments, mobile homes and tents. The *company also runs* a winter programme of skiing holidays.

Mr David Stewart, wbo founded the company with his wife Linda, and wbo is staying on as managing director, said: "By joining Ladbroke we now have the financial resources and the experience to achieve substantial growth in future years."

Tbe acquisltion is a further overseas move by Ladbroke Holidays. Mr John Jarvis, its chairman, said it provided an ideal base for expansion and he looked forward to "an exciting and profitable growth together."

Ladbroke Holidays has an option to acquire the ontstanding 40 *per cent* of Club Cantabrica Holidays, presently beld by Mr Stewart and his wife.

CANAL-RANDOLPH

Directors of Canal-Randolph Corp voted to reschedule the company's annual meeting to June 15 from May 6.

The meeting *will be held* at 2 pm at the Chemical Bank anditorium in New York City.

A new record date of May 6 has been established for voting at the rescheduled meeting.

Trumanns gets Austin agreement as offer is increased to 92p

The directors of James Austin Steel Holdings have agreed to an increased offer of 92p from *Trumanns Steel Group* to purchase the 3.34m shares of Austin not already owned. The new offer values the company at £4.14m.

On April 7 Trumanns increased its offer by 10p to 87p.

Austin directors, who have been advised by Hambros Bank, consider the new terms fair and reasonable and intend to recommend that shareholders accept the offer.

Directors have given irrevocable undertakings to accept in *respect of their own holdings* amounting to 679,900 shares and other shareholders bave also given the same undertakings in respect of a further 1.21m shares representing in aggregate 42 per cent of the issued capital.

Trumanns already owns 1.16m Austin shares and is accordingly in a position to increase its holding to 3.05m shares (67.77 per cent).

The offer is subject to the same terms and conditions as that despatched to Austin shareholders on April 12, save that the condition relating to confirmation from the Office of Fair Trading no longer applies as it *has already* been received.

As previously stated, it is the intention of Trumanns to develop and expand, both organiscally and by acquisition, the business of Austin and to endeavour to maintain the listing of Austin's ordinary shares.

The interests of the management, staff and employees of Austin and its subsidiaries, including their existing pension rights, will "be fully safeguarded and in the present circumstances no redundancies are foreseen."

Documents in respect of the revised offer will be posted as soon as possible.

Austin shares closed 6p up yesterday at 92p.

Sears abandons mail order deal

Sears Holdings has abandoned its attempt to enter and reorganise the UK mail order industry. It had proposed to set up a new company, controlled by itself and the two small *independent* mail order nouses, Empire Stores (Bradford) and Grattan, into which it intended to commit new funds to assist in the development of the merged businesses.

Grattan was immediately receptive to the proposals but Empire, its Bradford-based neighbour, was cool from the *outset and finally rejected* Sears' overtures before signing a "*know-how*" deal with Great Universal Stores. GUS made an agreed bid then worth *£37m* for *Empire last* year *but a Monopolies* Commission subsequently blocked that *offer.*

Sears, which takes in the British Shoe Corporation and *Selfridges, then looked at* the possibility of making offers for Grattan and Empire individually. Sears calculated at the end of January, when the initial three-way merger was under discussion, that an *outright* bid for each company would cost something in the region of £100m in aggregate. It later came *to* the conclusion that after such bids the two businesses would still require a major injection of new capital and has decided "with regret," not to pursue the matter further.

The original merger proposals were presented on terms which valued both Empire and Grattan shares at 80p per share. Since then, both companies *have* reported substantial trading losses and the announcement of Sears' withdrawal was enough *to clip Grattan by 8p to 48p* and Empire by 4p to 64p. Sears, by contrast, climbed 6p to 94p.

SECOND CITY

A resolution to re-organise its capital has been epproved by the shareholders of *Second* City Properties.

It is intended to expand the residential activities of Second City, and the merger with C. H. Beazer will provide for a wide *spread of property* activities from the North Midlands to the Home Counties. The new group will have a significant presence in both the building and property sectors.

In respect of the offer by Beazer—approved by its shareholders et an EGM on April 22—acceptances have been received *from* holders of 18,484,569 Second *City* shares, representing 78.49 per cent of the issued share capital of Second City.

Beazer's interest *in* Second City, *including* acceptances received under the offer, amounts to 93.48 per cent. The *offer* remains open until May 3.

MIDLAND BANK

Midland Bank *Industrial* Finance, e subsidiary of Midland Bank, has acquired an 11.15 per *cent interest in Transatlantic Oil* Company in the form of cumulative preference ordinary shares for £430,500. MBIF has also made a loan facility available to Transatlantic. Proceeds from the private placement will be used to accelerate investment in new oil and gas projects.

HOME INSURANCE

Home Insurance Company of New York has acquired a one-third interest in Bermuda-based Cedar Hill Management.

Home Group Risk Services, Inc. becomes an equal partner with Cedar Hill's two owners, Hogg Robinson Group and Republic Steel Services Group of Cleveland, Ohio. Home Group Risk Services will supervise Cedar Hill's captive insurance activities.

Cedar Hill offers off-shore management services for insurance, shipping and financial holding companies.

The Home Insurance Company is a subsidiary of City Investing Co. and had 1982 insurance revenues of US$2.3bn.

ENGLISH ROSE CHANGES HANDS

Ideal Timber Products of Dumbarton, Scotland, a member of the Comet Group, has acquired, for an undisclosed figure the English Rose kitchen brand name from the Harris and Sheldon Group.

The acquisition by the Scottish manufacturer of kitchen furniture, in particular the Passport kitchen range, follows the announcement that English Rose is to cease production at its *Warwick plant.*

SWISSINCO SALE

The receiver of Swissinco, the high technology components and instrumentation trader, has sold the business and assets to a new company, which will trade as Swissinco under the aegis of the principal Swiss supplier, Uniswitch AG of Wettingen, Switzerland.

CHAMBERLAIN PHIPPS

The policy of Chamberlain Phipps to extend its adhesives and insulation interests has been taken further with the acquisition of Alumet and Insulated Services. This Erith, Kent, company, supplies insulation products to the international process plant industry.

CENTREWAY TRUST

Midland and Northern, the corporate finance subsidiary of Centreway Trust, has agreed to sell its half share in C & M Capital & Management, managers of the Mercia Venture Capital Scheme, for £40,000. Purchasers are mainly the directors of C &M.

Re-finance plan by Security Centres

THE FAST expanding *Security Centres Holdings* has decided to re-finance its two recent U.S. acquisitions, Jewellers Protection Services and the assets of Supreme Burglar Alarm and Supreme Protective Systems by way of an offer for sale of its U.S. subsidiary on the London stock market.

The aggregate *$28m* cost of the purchases has, since the February acquisition date, been financed by open market bank loans. But, although Security Centres debts remain well within existing borrowing powers, SCUSA will be coming to the London market as soon as it is appropriate.

To avoid any dilution of the parent company's stake in the U.S. offshoot, Security Centres and holders of executive options will subscribe in advance of the issue. It is intended that Security Centres shareholders will be given preferential application rights to subscribe for the majority of shares offered.

The group explained yesterday that the main reason for the decision to float the U.S. operations separately is that these *have been growing* at an exceptional rate in recent months and have tended to overshadow the UK activities, which have also been growing at a rapid pace, *and have excellent future* prospects. Recent acquisitions add a further 5,000 systems to the existing UK base and new systems can be added cheaply and effectively to the *domestic* network.

Overseas order for Shapecut Machines

Shapecut Machines of Reading reports that its expansion into prodnction of special purpose robots has led to a £55,000 order from a major car manufacturer in South Africa.

The privately-owned company, founded in 1971 in the profile cutting machines business, had sales of £¾m in 1978. When recession hit it used £80,000 from British Technology Group and £75,000 from NatWest under the small firm's loan guarantee scheme, to develop e new range of computer numerically controlled machines.

Computerisation and a halving of staff over the past three years has sharply improved its competitive edge

Owing to agency error a recent reference to the company was incorrect.

DOW SCANDIA

Dow Scandia Holdings has bought a 75 per cent interest in Officescape Group, interior design and building contract management consulting firm. Officescape's forecast turnover for 1982-83 is approximately £7m.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why Sears hopes that finance sells well

Paul Taylor on the U.S. retailer's diversification strategy

A RETAIL store is the least likely place for a businessman to deposit $3m of cash and securities. Yet this is exactly what happened a few months ago at a branch of Sears, Roebuck, the world's largest retailer.

What the Californian businessman was doing was making use of Sears' rapidly expanding financial services facilities. These took a major step forward 16 months ago when the retailer bought Dean Witter Reynolds, a major U.S. securities firm, and Coldwell Banker, a U.S. property group. At the time, Sears announced that it planned to set up in-store financial centres.

But while the $3m deposit—made at an in-store financial centre manned by a Dean Witter broker—and others like it have almost become a legend inside the company, Sears' executives, high up in the Sears tower in Chicago are tempering their optimism with caution. They are well aware that the real test of their expansion into financial services lies outside the stores.

The company now has 23 in-store centres, with another 18 due to be opened this month. A fortnight ago the first Sears Financial Network Center to be located outside a retail store was opened in San Jose, California.

Sears' acquisition of Dean Witter and Coldwell Banker moved it further along the road of deregulation in the U.S. financial services sector—a trend which has been evident for the last five years. After a 33 per cent rise in net income last year to $861.2m (£555m), Sears this week reported first quarter net income more than doubled from $71.4m to $164.6m on a sales rise of almost $500m to $6.91bn. Merchandising recovered from a $23.2m loss to a $16.2m profit; income from Allstate Insurance, the largest U.S. insurance company and in the Sears stable for 51 years, was up from $116.1m to $173.5m; and Dean Witter Financial Services swung from a $7m loss to a $40.2m profit, reflecting an improved investment climate.

The group's revenues of over $30bn now represent just under 1 per cent of U.S. GNP. If some of Wall Street's analysts still have doubts about the Sears move—"Socks and stocks won't work," they said—they are now based upon uncertainty over Sears' management's ability to capitalise on the opportunities rather than on the logic of the move itself.

Wall Street's investors, it seems, have no such qualms. The group's shares last week hit a seven year high of over $39 a share.

Charles Moran, Sears' vice president of corporate planning and one of the group's 10-strong strategic planning committee, is philosophical about Wall Street's apparent conversion.

"It has always been interesting to us that at the same time that some people were making light of what we are attempting to do others were very interested and knowledgeable," he says.

Indeed he points out that the Sears move into the financial services sector matches, and has been matched by, others.

Today Sears is among half a dozen groups from different backgrounds, including Merrill Lynch, Citicorp, Prudential-Bache, American Express and Bankamerica, which are involved in what Moran terms more of a "revolution" than an evolution in the delivery of financial services.

One of the aims of such a "revolution" is to create the "financial supermarket" a kind of "one-stop shopping centre" where customers can purchase the full range of financial services, everything from stocks and bonds to life insurance, a savings certificate or deposit, a car loan or a house.

The company boasts "a relationship" with half of America's households, that is one out of every two American families either shops at Sears or uses one of the Sears services, like mail order. It has 831 stores and 2,388 catalogue outlets where customers can collect mail order goods. The potential clients for the in-store financial centres range through all the income groups.

But although Moran expects there to be "several hundred" financial network centres within the next two years, Sears still regards them as the icing on the cake. It recognises that much of its customers' financial business will continue to be conducted through its existing insurance, real estate and brokerage offices. For instance, Dean Witter, among the top half-dozen U.S. securities firms, for which Sears paid $800m, has 345 offices in 50 states and Coldwell Banker has 480 offices.

While Sears' customers generally recognise Allstate as part of the Sears group, the company has a lot further to go with its more recent acquisitions. Last month the company began a $12m advertising campaign aimed at persuading customers that dealing with Dean Witter and Coldwell Banker executives is indeed like dealing with their local Sears store salesperson, although the financial network centres are staffed by Dean Witter, Coldwell Banker and Allstate executives.

One of the major areas of emphasis at the moment is on designing and developing products which can be sold throughout different sections of the group. For example Sears is selling new money market instruments developed by its Californian savings and loan association, Allstate S and L through the Dean Witter office network. One such savings instrument is the S and L certificate of deposit.

This directly addresses one of the major uncertainties which Wall Street analysts have expressed about the trend towards full service financial organisations and that is the question of the integration of services between sectors of a group and the ability of salesmen to sell a wide range of different products.

Moran does not minimise the group's problems; he admits that in the end success or failure "rides on the back" of the group's individual companies and their officers' abilities to cross-sell products.

It was because it wanted to have greater control over the process that Sears chose to buy into the industry rather than reach agreements with independent financial services providers.

"It was not done by happenstance, it was done by design," says Moran. "The decision to acquire a full service brokerage firm, and a premier real estate entity were based on the fact that our arsenal of marketing skills was deficient in that respect.

"We had a large multipurpose insurance company, and S and L, the largest consumer credit operation in the U.S. and maybe in the world, but what we didn't have was skills internal to Sears in these areas. They were glaring ommissions if we intended to be a full service provider. So we went out and bought them."

For the moment Moran does not see the need for further acquisitions. The group, he says, will concentrate on providing its new services on a national basis from the present restricted basis.

Wall Street analysts, and Sears' competitors, expect the group to be in the forefront of major industry moves in both these areas. Five years from now, Moran says, Sears will be "a substantial player" in the electronic financial services industry.

In the meantime, he says, Sears has no intention of pulling back from its mainstream retailing operation.

Walter Loeb, a Morgan Stanley analyst and one of the few long-time supporters of Sears, is certainly persuaded. He is still recommending Sears' stock.

"I was a lone voice," he says. "Now there is a much greater perception that Sears is entering a new track." He also believes that Sears' management has the "sense of urgency" and the leadership to exploit the possibilities.

Daniel Barry of Kidder, Peabody, however, is more restrained. "It is still too early to evaluate the Dean Witter and Coldwell Banker acquisitions," he says. "They have big potential but are still unproven. But I know Sears is reasonably happy with them.

"The opportunity is positive," he concludes, but Sears' ability to take advantage of it is still unclear.

Stevie Allen (left) of Allstate Savings and Loans gives advice to customers at Sears' first Financial Network Centre to be opened outside a retail store, at San Jose, California

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Liquidation

A PARTNER and I own a private company with two £1 shares. The company's only asset is a house converted into holiday flats. We wish to sell the house and close the business.

Could you please advise us on the basic tax problems which will arise on selling, ie, CGT and personal tax, and on the best method of withdrawing the money from the company with the minimum payment of tax, maybe even over a period of several years.

The company will pay corporation tax (at 30 per cent in effect) on the chargeable gain accruing upon the contract for the sale of the property. When the company is liquidated, you and the other shareholder will be liable to capital gains tax on the chargeable gain accruing on each liquidation distribution.

The company's auditors are best placed to advise you from their knowledge of the full background facts.

Offer for sale

Can you please settle an argument which cropped up in our club? We would like to know the workings of an offer for sale of shares of a new issue to be listed on the Stock Exchange.

The argument is mainly about who the money goes to after being subscribed. Is Capital Gains Tax involved in any way and does it make any difference if the people are private persons or a limited company?

Many offers to the public are made on behalf of existing shareholders, in effect, often after a capital reorganisation which results in shares in renounceable allotment letter form becoming available for transfer without stamp duty. The shareholders would thus face a CGT bill (or a CT bill for a corporate shareholder).

If a company invites the public to subscribe for shares, then there is no CGT or CT bill, of course.

This is only a bare outline, but presumably that is all you need.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Getting the inside edge on patents

WHEN Japanese computer executives were apprehended in California last year for buying secret information about IBM, corporate espionage and intelligence moved beyond the realms of clever embezzlers able to tap into companies' data banks. The highest corporate echelons were revealed to have their own stake in other companies' secrets.

With millions of dollars riding on corporate strategies and their impact on competitors' progress, executives are probably even more anxious to know what is going on in their field than are the larcenous whizzes with a quick buck in mind.

For such an executive, the idea of "legal intelligence" may have particular appeal—or so hopes Francis Narin, the 48-year-old president of Computer Horizons Inc. Based at Cherry Hill, New Jersey, CHI provides an insight into the advances being made in technology and science by means of a database developed by combining patents filed at the U.S. Patent Office in Washington and also scientific literature.

CHI has broken down the 5m citations obtainable from patent filings into categories that reveal types of research, results and the extent to which one patent may interact with another. The information can then be categorised by geographic region, national origin, individual research laboratories or even key researchers.

"If 25 patents are involved, the companies can look them up themselves, but for 500 they can use us to map them and sort them out," comments Narin. His company has 25 employees and $0.25m worth of computer equipment which can spew out data on any patent filed over the past 10 years along with the other patents or scientific literature to which it is linked. This indicates the significance of the patent itself, as well as any connection it has with other companies working in the same field or other fields that impinge on a given patent.

The links are further refined and given numerical values and then merged into clusters of patents with information about the fields they are in. Company patents can also be clustered to give a picture of where the research of different companies overlaps or where one company may be going off on its own to develop a new field.

Narin started his studies in the 1960s using government grants to trace the research that ultimately led to important new discoveries and technologies. He has identified a pattern showing that the time span between a patent being filed and its commercial exploitation is on average five years.

The original study, called Traces, was commissioned by the National Science Foundation, and it looked into the development of oral contraceptives, video-magnetic recording, chemicals research, and electron microscopy.

CHI is now courting the corporate community partly because cutbacks in funding for the National Science Foundation, the National Institutes of Health and other agencies for which CHI has traditionally worked have reduced its government work.

Whereas the government called—and still calls—on CHI to provide the statistics on scientific literature for its annual Science Indicators (published by the National Science Board) CHI believes that corporations may want to know whether the Japanese have been active in any particular field, or about the activities of IBM or a small competitor they might want to buy out.

CHI's opportunity to establish its service arose in 1981 when the U.S. Patent Office made available its computer tapes on patents granted from 1971 to 1981. CHI bought copies of them and then, for two years, stripped the tapes (which contain the first-page summaries and descriptions of the patents), a process which makes the information usable on CHI's computer program.

Frank Lipsius

Francis Narin: providing "legal intelligence"

A copy of this document together with copies of the other documents specified herein have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company and the purchase of the whole of the issued share capital of MCD (Midlands) Limited (formerly The M.C.D. Group Limited). The Directors and Proposed Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statements herein whether of fact or of opinion. All the Directors and Proposed Directors of the Company accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the relisting with effect from 3rd May, 1983 of the existing issued Ordinary shares of 25p each and for the admission to the Official List of the new Ordinary shares of 25p each proposed to be issued.

MCD

MCD Group plc

(formerly Trafford Carpets (Holdings) plc)

(Incorporated in England under the Companies (Consolidation) Act 1908) (Registered in England No. 117023)

Placing of 2,050,000 Ordinary shares of 25p each

by

ROBERT FLEMING & CO. LIMITED

at 32p per share

In accordance with the requirements of the Council of The Stock Exchange 871,250 of the Ordinary shares have been offered to and are available through the market. Dealings in the Ordinary share capital of the Company are expected to commence at 9.30 a.m. on 3rd May, 1983.

SHARE CAPITAL

The authorised and issued share capital of the Company is:—

Authorised		*Issued and fully paid*
£4,500,000	Ordinary shares of 25p each	**£3,485,000**

No material issue of the Company's shares (other than to shareholders pro rata to their existing holdings) will be made within one year of this document and no issue will be made which would effectively alter the control of the Company without (in each case) the prior approval of the members of the Company in general meeting.

INDEBTEDNESS

As at the close of business on 31st March, 1983 the Trafford Group and the MCD Group had cash and bank balances, outstanding borrowings, indebtedness and contingent liabilities secured by debentures and interlocking guarantees as set out below:—

	Trafford Group £'000	MCD Group £'000
Indebtedness:		
Secured:		
Bank loans	150	—
Bank overdrafts	54	918
FFI (UK Finance) plc	—	201
Hire purchase creditors	—	66
	204	1,185
Unsecured.		
Other borrowings	—	150
	204	1,335
Cash and bank balances	—	808

Save as disclosed above and apart from intra-group indebtedness and guarantees, neither any company in the Trafford Group nor in the MCD Group had outstanding on 31st March, 1983, any loan capital (including term loans) outstanding or created but unissued, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

DIRECTORS AND ADVISERS

Prior to the acquisition of MCD:—

Directors:	
Simon Peter Marsh, M.A. (Oxon)	23 The Esplanade, Waterloo, Liverpool L22 5PT
Kenneth Alexander Scott, C. Eng., M.I.Mech.E.	2 Hallbank South, Mobberley, Cheshire WA16 7JA
Peter Ridge Marsh, T.D., D.L.	23 Shireburn Road, Formby, Merseyside L37 1LR
Jonathan Granger Marsh, Dip.M.M.Inst.M.	The Old Rectory, Brindle, Chorley, Lancashire PR6 8NJ
Derek Caulfield, F.C.A.	79 Plymyard Avenue, Bromborough, Wirral L62 6BL
Secretary and Registered Office:	
Reginald Robert Bacon, A.C.M.A.	Mosley Road, Trafford Park, Manchester M17 1PX
Financial Advisers and Stockbrokers:	
Sheppards and Chase	Clements House, Gresham Street, London EC2V 7AU
Bankers:	
Barclays Bank PLC	Old Trafford, Manchester M16 0QW
Solicitors:	
Hill, Dickinson & Co.	Equity & Law House, 47 Castle Street, Liverpool L2 9UB
Auditors:	
Lonsdale & Marsh, Chartered Accountants	17 Harrington Street, Liverpool L2 9QE

Following the acquisition of MCD:—

Proposed Directors:	
Patrick James Custis, C.B.E., F.C.A., J.Dip., M.A.	"Trees", 3 Stonehouse Drive, Little Aston Park, Sutton Coldfield, West Midlands B74 3AL
Graham Waldron	"Ivydene", 6 College Road, Bromsgrove, Worcestershire B60 2NE
Graham Motteram	24 Golden Acres, Alveley, Nr. Bridgnorth, Salop WV15 6NJ
Alan Raymond Jenkins	"Bell House", Colwinston, Nr. Cowbridge, S. Glamorgan CF7 7NL
Secretary and Registered Office:	
Gregory Royce Redford	MCD House, Birmingham Road, Kidderminster, Worcestershire DY10 2SM
Financial Advisers:	
Robert Fleming & Co. Limited	8 Crosby Square, London EC3A 6AN
Bankers:	
Lloyds Bank Plc	1 Vicar Street, Kidderminster DY10 1DH
Stockbrokers:	
Coni, Gilbert & Sankey	10 Throgmorton Avenue, London EC2N 2DH and at 80 Waterloo Road, Wolverhampton WV1 4QW
Solicitors to the Company:	
Ivens & Morton	Carlton House, Marlborough Street, Kidderminster DY10 1BA
Solicitors to Robert Fleming:	
Linklaters & Paines	Barrington House, 59/67 Gresham Street, London EC2V 7JA
Auditors and Joint Reporting Accountants:	
Peat, Marwick, Mitchell & Co. Chartered Accountants	1 Puddle Dock, Blackfriars, London EC4V 3PD
Joint Reporting Accountants:	
Crumpton, Homer & Co. Chartered Accountants	Beauchamp House, 1 Beauchamp Avenue, Kidderminster, Worcestershire DY11 7BJ
Registrars:	
Lloyds Bank Plc	The Causeway, Goring-by-Sea, West Worthing, West Sussex BN12 6DA

DEFINITIONS

The following principal definitions are used in this document:—

"the Company"	MCD Group plc (formerly Trafford Carpets (Holdings) plc)
"the Trafford Group"	the Company and its subsidiaries
"MCD"	MCD (Midlands) Limited (formerly The M.C.D. Group Limited)
"the MCD Group"	MCD and its subsidiaries
"Crossforge"	Crossforge Limited
"the Enlarged Group"	Trafford Group after the purchase of MCD
"Purchase Agreement"	The agreement dated 29th March, 1983, whereby *inter alia*, the Company conditionally agreed to purchase the whole of the issued share capital of MCD
"new Ordinary shares"	Ordinary shares of 25p each in the Company to be allotted to the existing shareholders in MCD pursuant to the Purchase Agreement
"Robert Fleming"	Robert Fleming & Co. Limited

INTRODUCTION

At the request of the board of the Company, the listing of the Ordinary shares of the Company was suspended by The Stock Exchange on 5th November, 1982 pending agreement for the purchase of MCD. The Purchase Agreement was signed on 29th March, 1983 under which the Company conditionally agreed to purchase the entire issued share capital of MCD in consideration of the issue of 12,500,000 new Ordinary shares credited as fully paid to the shareholders of MCD. Pursuant to another agreement dated 29th March, 1983, Robert Fleming conditionally undertook to purchase at a price of 32p per Ordinary share 2,050,000 of the new Ordinary shares issued to shareholders of MCD and also agreed to use its best endeavours to place these shares at the same price in conjunction with Coni, Gilbert & Sankey, so that when taken together with the existing Ordinary shares this would result in the public holding sufficient Ordinary shares to allow a listing of the Company's enlarged share capital.

The purchase of MCD was approved at the Extraordinary General Meeting of the Company held on 25th April, 1983, and is only conditional upon the Council of The Stock Exchange admitting to the Official List all of the new Ordinary shares to be issued and agreeing to the relisting of the existing Ordinary shares.

Save as otherwise expressly provided, this document has been prepared as if this condition had already been fulfilled and the purchase of MCD had been completed.

REASONS FOR THE PURCHASE

Demand for high quality carpets, such as the Axminsters and Wiltons manufactured by the Company, has deteriorated significantly over the last few years. The results of the Company and the absence of dividends are a reflection of these difficult trading conditions. A major programme of rationalisation and reorganisation has been completed resulting in a smaller but more streamlined company better placed to take advantage of any upturn in trading conditions. However, the Board of the Company does not consider that the Company, as an independent entity, would provide shareholders with an attractive long-term investment as the organic growth prospects of the Company are limited. The purchase of MCD will enable shareholders of the Company to participate in a substantially larger and more broadly based company with better prospects for future growth.

The Board of the Company considers that the resumption by the Company of dividend payments which has been forecast by the Proposed Directors and the fourfold increase in earnings per share on a fully taxed basis more than compensate for the reduction in net assets per share resulting from the purchase of MCD.

The Board of the Company has obtained satisfactory assurances that the existing rights of all employees in the Trafford Group will be safeguarded.

HISTORY

The Company

The Company was incorporated in England on 27th July, 1911 under the name of The English Textilose Manufacturing Company Limited. That name was changed to Textilose Limited in 1945 and to Trafford Carpets (Holdings) Limited in 1969. The Company re-registered as a public company in November 1981 and on 25th April, 1983 changed its name to MCD Group plc.

MCD

In early 1977 Mr. Graham Waldron started, through Crossforge, a new floorcovering distribution business in Kidderminster, trading as Midland Carpet Distributors. Prior to this he had worked for twenty-two years, ultimately as a director, for Gainsborough Distributors Limited ("Gainsborough"), a company engaged nationwide in the wholesale distribution of floorcoverings.

In November 1977, Crossforge acquired the business of Cheshires of Bridgend from Gainsborough. Subsequently the business of Cheshires of Nottingham (which was founded in 1908) was acquired with finance provided by Industrial and Commercial Finance Corporation Limited (now called FFI (UK Finance) plc) in January 1979, again from Gainsborough, by a new holding company, MCD. At the same time MCD took a 51 per cent. interest in Crossforge in exchange for the issue of MCD shares to certain of the members of Crossforge.

Further acquisitions, all of wholesale distributors of floorcoverings, have followed. Crossforge bought Rolfe & West Limited of Manchester in August 1980, and in November of the same year MCD acquired the assets of P. G. Power & Co. Limited of Belfast through a subsidiary named M.C.D. (Northern Ireland) Limited. In September 1981, MCD acquired Melville & Halley Limited of Dundee.

On 21st March, 1983 MCD purchased the remaining 49 per cent. interest in Crossforge in exchange for a further issue of MCD shares, with the result that all subsidiaries are now wholly owned by MCD.

BUSINESS

Trafford Group

The Trafford Group manufactures a range of high quality wool-based carpets of the Axminster and Wilton type. These carpets are marketed under some eight different brand names to the wholesale, retail and contracting trades.

The Trafford Group endeavours to provide an ex-stock service on its three major domestic lines, but all contract work is made to order. As its products are marketed in the high quality range, all carpets and raw materials are subjected to rigorous quality control procedures. Pile yarns, which are the main raw materials in carpet weaving, are purchased from a number of different suppliers. The Trafford Group's sales are broadly based in the UK and considerable efforts are made to sell overseas. There are some 900 active accounts and in 1982 no individual customer accounted for more than 10 per cent. of sales.

MCD Group

The MCD Group carries on business as a wholesale distributor of floor coverings through six separate trading units. The group concentrates mainly on the supply of cut lengths of carpet to order, usually to the smaller high street retailers who are unable to carry large amounts of stock, but also to multiple stores. Carpets are also sold by the roll to stockists, and an increasing trade is done with contract fitters.

Carpet sales, comprising primarily tufted carpets as opposed to the more expensive woven varieties, represent the majority of the group's turnover, but vinyl floorcoverings, carpet tiles, rugs, and fitting equipment and accessories are also supplied.

SUMMARY OF FINANCIAL INFORMATION

The following information is derived from the full text of this document and accordingly must be read in conjunction with it.

Market capitalisation at the placing price	£4,460,800
*Annualised consolidated profit before tax of the Enlarged Group for the year ended 31st December, 1982	£638,000
*Annualised earnings per share on a fully taxed basis for the year ended 31st December, 1982	2.20p
Price earnings ratio at the placing price	14.57x
Pro forma consolidated net tangible assets at 31st December, 1982 per Ordinary share	23.21p
†Gross dividend yield at the placing price based on net dividends per share of 1.0p	4.46%

***This takes into account the annualised consolidated profit before tax of the Trafford Group for the year ended 31st December, 1982 which has been calculated on the basis of actual sales and margins in the quarter ended 31st March, 1982 and on an allocation of a proportion of the overheads for the six months ended 31st March, 1982 to that quarter, together with the actual results for the nine months period ended 31st December, 1982.**

†Based on the net dividends which the proposed Directors would have expected to propose if the purchase of MCD had been completed in January 1983 rather than April 1983.

As delivery and service are considered by management to be important factors in retaining customer loyalty, considerable efforts have been made to ensure that the operations at each trading unit are geared towards the prompt delivery of goods, with frequent scheduled delivery rounds to each area covered by the unit concerned. Orders can usually be processed and ready for delivery by the end of the day following receipt. The trading units are situated at Kidderminster, Manchester, Nottingham, Bridgend, Belfast and Dundee. The location of these units enables the MCD Group to operate throughout Central and North West England, South Wales, Northern Ireland and Central Scotland.

A further important feature in the MCD Group's success has been its marketing strategy, including campaigns supported by manufacturers, aimed particularly at building up the turnover of the businesses acquired by MCD in the period immediately following acquisition.

The MCD Group has adopted a policy of purchasing from a wide range of suppliers, and during 1982 purchases from its largest supplier accounted for less than 12 per cent. by value of total MCD Group purchases. Trafford is not a significant supplier to the MCD Group. Sales are broadly based. There are some 9,000 active accounts and in 1982 no individual customer accounted for more than 1 per cent. of sales.

MANAGEMENT AND EMPLOYEES

Mr. P. J. Custis, aged 62, will become Chairman of the Company. He was a Director of Finance of Guest, Keen & Nettlefolds PLC from 1974 until he retired in 1981. Currently he is a Director of Turriff Corporation PLC, Wolseley-Hughes PLC, Associated Heat Services PLC, Leigh Interests PLC, Ceyzer Garmore Investments Limited, New Court Property Fund Managers Limited and the Birmingham and West Midlands Regional Board of Lloyds Bank Plc.

Mr. G. Waldron, aged 52, has been the Chairman of MCD since it began trading and has been involved in the wholesale distribution of floorcoverings for 28 years. He spent 22 years with Gainsborough reaching the position of Director before resigning in January 1977. He will become Managing Director and Chief Executive of the Company following the acquisition of MCD.

Mr. A. R. Jenkins, aged 55, joined Cheshires of Bridgend in 1963 and since 1966 has been its Managing Director. He will become a Director of the Company following the acquisition of MCD.

Mr. G. Motteram, aged 40, became the executive responsible for administration in the MCD Group in 1977 and was appointed Managing Director of Midland Carpet Distributors in 1982. He has worked in the floorcovering trade since 1960. He will become a Director of the Company following the acquisition of MCD.

Mr. R. H. Brazier, aged 40, has been involved in the floorcovering trade since 1958. He joined the MCD Group in 1977 as a Director of Crossforge. He is involved in the central management of the MCD Group and has specific responsibility for Melville & Halley Limited and Rolfe & West Limited.

Mr. J. Cairnie, aged 40, has been Managing Director of Melville & Halley Limited since 1981, before which he had been its Sales Director since 1973.

Mr. H. A. Campbell, aged 57, joined Cheshires in 1970. In 1976 he became Sales Director of Cheshires of Nottingham and in 1981 was appointed its Managing Director.

Mr. J. B. Edgar, aged 47, was appointed Managing Director of P. G. Power & Co. Limited in 1971. He was appointed Managing Director of M.C.D. (Northern Ireland) Limited in 1980 when that company acquired the assets of P. G. Power & Co. Limited.

Mr. J. Mitchell, aged 61, joined Rolfe & West Limited in 1949 and was appointed a Director in 1963. He was appointed its Managing Director in 1980 when it was acquired by Crossforge.

Mr. K. A. Scott, aged 56, is Managing Director of Trafford Carpets Limited. He is a qualified engineer and has been with the company since 1952.

The majority of the management and employees of both the Trafford Group and the MCD Group participate in various commission arrangements and performance related bonuses. Both the Trafford Group and MCD Group enjoy good staff relations and have experienced low staff turnover as many employees have been with these businesses for many years.

The Enlarged Group would have had the following number of employees and directors at 31st December, 1982 all of whom were employed in the UK.

Trafford Group	137
MCD Group	235
Enlarged Group	372

PROSPECTS OF THE ENLARGED GROUP

It is too early in the financial year to make any precise forecast of the profit for the Enlarged Group for the year ending 31st December, 1983. However the Board believes that the Trafford Group's production will benefit from association with MCD, and coupled with the success of the new Axminster quality "Fairway Four", the Board looks forward to a year of improved trading for the Trafford Group.

Trading conditions within MCD Group's businesses remain very satisfactory. MCD is seeking to expand in the U.K. by making acquisitions in those areas not at present covered by the MCD Group's existing trading units.

The Proposed Directors of the Company intend, in the absence of unforeseen circumstances, to recommend the payment in May 1984 of a net dividend to Ordinary shareholders of the Company of not less than 0.66p per Ordinary share for the year ending 31st December, 1983. If the purchase of MCD had been completed and the new Ordinary shares had been issued at the beginning of 1983 the Proposed Directors of the Company would have expected to recommend net dividends totalling 1.0p per Ordinary share. These dividends would have been represented by an interim dividend payable in October and a final dividend payable in May. Such dividends would be covered 2.2 times by earnings per share of the Enlarged Group of 2.2p on a fully taxed basis and would represent a gross yield of 4.5 per cent. on the placing price.

WORKING CAPITAL

The Proposed Directors are of the opinion that, after taking into account the purchase of MCD and having regard to bank and other facilities available, the Enlarged Group will have sufficient working capital for its present requirements.

SUPPLEMENTARY INFORMATION

Detailed financial and other information on the Enlarged Group is set out in the Appendices as follows:—

Appendix I:	Financial information relating to the Trafford Group.
Appendix II:	Accountants' Report on MCD.
Appendix III:	Pro forma balance sheet of the Enlarged Group.
Appendix IV:	Particulars of the Enlarged Group's principal properties.
Appendix V:	Further information.

APPENDIX I

FINANCIAL INFORMATION RELATING TO THE TRAFFORD GROUP

The information which follows has been extracted from the audited financial statements of the Trafford Group.

1. PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of the Trafford Group for the four years ended 31st March, 1982 and the nine month period ended 31st December, 1982 are set out below:

	Year ended 31st March				9 months ended 31st December
	1979	1980	1981	1982	1982
	£'000	£'000	£'000	£'000	£'000
Sales	4,019	3,785	2,980	2,378	2,058
Profit/(loss) before tax	26	(137)	(174)	44	41
Tax (charge)/credit	(9)	74	—	—	—
Profit/(loss) after tax	17	(63)	(174)	44	41
Extraordinary items	63	(315)	11	—	—
Profit/(loss) after tax and extraordinary items	80	(378)	(163)	44	41
Dividends	(25)	—	—	—	—
Transfer to/(from) reserves	55	(378)	(163)	44	41
Earnings/(loss) per share	1.19p	(4.35p)	(12.11p)	3.06p	2.85p
Dividends per share	1.675p	—	—	—	—

2. BALANCE SHEET

The summarised consolidated balance sheet of the Trafford Group at 31st December, 1982 is set out below:

	£'000
Employment of Capital	
Fixed assets	428
Current assets:	
Stock	448
Debtors	592
Cash at bank	11
	1,051
Current liabilities:	
Creditors	488
Net current assets	563
	991
Capital Employed	
Share capital: 1,440,000 Ordinary shares of 25p each, authorised, issued and fully paid	360
Reserves	481
Shareholders' funds	841
Medium term bank loans	150
	991

3. NOTES

(a) The financial information set out above has been prepared on the basis of the following significant accounting policies which have been applied consistently, except where stated, throughout the period under review.

(i) Accounting convention
The financial statements have been prepared under the historical cost convention as adjusted by the revaluation of certain freehold property referred to in (iii) below.

(ii) Sales
Sales represent the invoiced value of goods sold, less returns, and are shown net of value added tax.

(iii) Fixed assets
Fixed assets are shown at cost less depreciation to date, except for a freehold site in Northern Ireland which is included at a valuation carried out in 1981.

(iv) Depreciation
Depreciation is provided at the following rates calculated to write off the cost of fixed assets over their estimated useful lives on a reducing balance basis:—

Plant and machinery	— 10 per cent. per annum
Office equipment	— 10 per cent. per annum
Motor vehicles	— 20 per cent. per annum

No amortisation is provided on freehold or leasehold property.

(v) Stock
Stock is valued at the lower of cost and net realisable value and includes, where applicable, an appropriate proportion of overhead expenses.

MCD GROUP plc *continued*

(vi) Deferred taxation

For accounting periods commencing after 31st March, 1981, no deferred taxation has been provided since, in the opinion of the Directors, any potential liabilities are unlikely to crystallise in the foreseeable future. Deferred taxation previously provided on timing differences arising in respect of accelerated capital allowances, stock relief and other timing differences less recoverable advance corporation tax was released in the accounts for the years ended 31st March, 1980 and 1981 as an extraordinary item and a prior year adjustment, respectively.

(b) Profit before tax is arrived at after charging the following:

	Year ended 31st March 1979	1980	1981	1982	9 months ended 31st December 1982
	£'000	£'000	£'000	£'000	£'000
Depreciation	50	25	14	20	16
Leasing costs	38	33	11	7	1
Net interest paid	74	39	70	37	26

(c) Extraordinary items comprise:

	1979	1980	1981	1982	1982 (9 months)
Profit on sale of properties	64	6	20	—	—
Sale of goodwill to Somic plc	26	—	—	—	—
Closure costs	(27)	(202)	(9)	—	—
Provision for Trafford Park reorganisation	—	(165)	—	—	—
Release of deferred taxation	—	46	—	—	—
	63	(315)	11	—	—

(d) A prior year adjustment was made in the accounts to 31st March, 1981 to write off Advance Corporation Tax considered irrecoverable of £65,000, and to release the deferred taxation provision of £16,000 which had been retained at 31st March, 1980.

(e) An analysis of reserves at 31st December, 1982 is as follows:

	£'000
Non-distributable:	
Surplus on revaluation of freehold land	14
Distributable:	
Retained profits	467
	481

(f) Subject to agreement with the Inland Revenue, tax losses carried forward at 31st December, 1982 including stock relief, capital allowances and past unrelieved losses, amount to some £758,000.

(g) Barclays Bank PLC have a charge on the company's premises at Mosley Road, Trafford Park, Manchester to secure the medium term loans and the bank overdraft.

(h) The medium term loans are repayable by equal half-yearly instalments of £21,430.

(i) At 31st December, 1982 the subsidiary companies of Trafford, which were all incorporated in the United Kingdom and wholly owned by Trafford, were:—

	Date of Incorporation	Issued Share Capital £
Trafford Carpets Limited	7th June, 1961	2
Textiloss Limited	24th September, 1969	100
John Heathershaw & Co Limited	20th October, 1971	100
Damolly Spinning Co Limited	8th January, 1937	61,060

4. CURRENT COST ACCOUNTS

Current cost accounts have been prepared for the Trafford Group in accordance with the requirements of Statement of Standard Accounting Practice No. 16. Fixed assets and stocks have been revalued for the purposes of these accounts using Government indices appropriate for the textile trade with the exception of land and buildings, which have been included at the Directors' valuation.

The summarised consolidated current cost profit and loss accounts of the Trafford Group for the year ended 31st March, 1982 and the nine month period ended 31st December, 1982 are set out below:—

	Year ended 31st March, 1982 £'000	£'000	9 months ended 31st December, 1982 £'000	£'000
Turnover		2,378		2,058
Profit before interest on the historical cost basis		81		66
Less current cost operating adjustments:				
Depreciation	31		23	
Cost of sales	33		13	
Net monetary working capital	—		1	
		(64)		(37)
Current cost operating profit before interest		17		29
Less: Interest	37		25	
Gearing adjustment	(14)		(4)	
		(23)		(21)
Current cost (loss)/profit		(6)		6
Current cost (loss)/earnings per share		(0.4p)		0.6p

The summarised consolidated current cost balance sheet of the Trafford Group at 31st December, 1982 is as follows:—

	£'000	£'000
Employment of Capital		
Fixed assets		1,023
Stock	449	
Debtors less creditors and provisions	104	
Cash at bank	11	
Net current assets		564
		1,587
Capital Employed		
Share capital		360
Current cost reserve		678
Other reserves		399
Shareholders' funds		1,437
Medium term loans		150
		1,687

APPENDIX II

ACCOUNTANTS' REPORT ON MCD

The following is a copy of a report prepared by Peat, Marwick, Mitchell & Co., Chartered Accountants, and Crumpton, Homer & Co., Chartered Accountants, joint reporting accountants on MCD:

1 Puddle Dock,
Blackfriars,
London EC4V 3PD.

Beauchamp House,
1 Beauchamp Avenue,
Kidderminster DY11 7BJ.

29th March, 1983

The Directors,
Trafford Carpets (Holdings) plc.

The Directors,
Robert Fleming & Co. Limited.

The Partners,
Sheppards and Chase.

Gentlemen,

We have examined the audited accounts of The M.C.D. Group Limited ("MCD") and its subsidiaries for the five years ended 31st December, 1982 in accordance with generally accepted auditing standards. The subsidiaries of MCD are listed in note 8 of this report and MCD and its subsidiaries are collectively referred to in this report as "MCD Group". MCD was incorporated in August, 1977 but did not commence trading or become the holding company for the MCD Group until 26th January, 1979. Accordingly, the results covered by this report for the period 1st January, 1978 to 25th January, 1979 are those of Crossforge Limited, which became a subsidiary of MCD on 26th January, 1979, having been the sole trading member of MCD Group until that date.

The summarised profit and loss accounts, balance sheets, and source and application of funds statements which follow have been prepared using the accounting policies described in note 1 below, and are based on the audited accounts of MCD Group after making such adjustments as we consider appropriate. In particular, as on 21st March, 1983 MCD acquired the minority holding in Crossforge Limited prior to the acquisition of MCD by Trafford Carpets (Holdings) plc, for the purposes of this report the minority interest in Crossforge Limited has been treated as being attributable to MCD for the period under review. Crumpton, Homer & Co. acted as auditors of all companies in the group throughout the period under review with the exception of Melville & Halley Limited, which was acquired by MCD on 4th September, 1981, and is audited by another firm.

In our opinion, the summaries referred to above, together with the notes thereon, give a true and fair view of the results and source and application of funds of MCD Group for each of the five years to 31st December, 1982, and of the state of affairs of MCD and MCD Group at that date.

In our opinion the current cost accounts set out below have been properly prepared in accordance with the accounting bases described.

No audited accounts of MCD or any subsidiaries have been prepared in respect of any period subsequent to 31st December, 1982.

PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of MCD Group for the five years ended 31st December, 1982 are as follows:

	Year ended 31st December 1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Sales	4,844	11,363	13,856	16,938	20,685
Cost of sales	(4,630)	(10,829)	(13,325)	(16,403)	(19,925)
Operating profit	214	534	531	535	760
Net interest payable	(43)	(109)	(196)	(153)	(137)
Profit before taxation and extra-ordinary items	171	425	335	382	623
Taxation	—	(4)	(5)	(12)	(196)
Profit before extraordinary items	171	421	330	370	427
Extraordinary items	—	(22)	—	—	—
Profit after extraordinary items	171	399	330	370	427
Dividends	—	(9)	(12)	(14)	(21)
Retained profit	171	390	318	356	406
Earnings per share	48.5p	103.5p	80.4p	90.1p	104.0p

BALANCE SHEETS

The summarised balance sheet of MCD and the consolidated balance sheet of MCD Group at 31st December, 1982 are as set out below:—

	31st December, 1982 MCD £'000	MCD Group £'000
Employment of Capital		
Fixed assets	243	929
Subsidiary companies	371	—
ACT recoverable	9	9
Current assets		
Stock	667	2,806
Debtors	1,301	4,118
Cash	812	1,942
	2,780	8,866
Current liabilities		
Creditors	1,852	5,799
Bills payable	249	870
Hire purchase creditors	17	71
Taxation	103	209
Loans repayable within twelve months	33	33
Dividends	11	11
	2,265	7,093
Net current assets	515	1,773
	1,138	2,711
Capital Employed		
Share capital	290	290
Reserves	680	2,103
Shareholders funds	970	2,393
Loans	168	318
	1,138	2,711

SOURCE AND APPLICATION OF FUNDS STATEMENTS

The summarised consolidated source and application of funds statements of MCD Group for the five years ended 31st December, 1982 are as follows.—

	Year ended 31st December 1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Source of funds:					
Profit before taxation but after extraordinary items	171	403	335	382	623
Depreciation	43	82	134	165	206
Total generated from operations	214	485	469	547	829
Funds from other sources:					
Issue of shares	18	206	—	—	—
Loans	110	360	253	—	—
Advance from finance company	11	—	—	—	—
	353	1,051	722	547	829
Application of funds:					
Net additions to fixed assets	95	208	213	307	172
Purchase of subsidiaries and new businesses	—	756	376	45	—
Repayment of loans	—	—	88	27	388
Dividend paid	—	4	10	17	14
Taxation paid	—	—	—	9	8
	95	968	687	405	582
	258	83	35	142	247
Movement in working capital:					
Stock	405	808	404	558	(118)
Debtors	224	886	315	561	889
Creditors	(802)	(1,807)	(814)	(1,979)	(743)
Net liquid funds	431	196	130	1,004	218
	258	83	35	142	247

An analysis of the amounts shown in respect of the purchase of subsidiaries and new businesses is set out below:

	Year ended 31st December 1979 £'000	1980 £'000	1981 £'000
Issue of shares	118	—	—
Cash paid	640	376	45
	758	376	45
Net assets acquired:			
Fixed assets	497	24	7
Net current assets	982	333	28
Loans	(241)	—	—
	1,238	357	35
Goodwill	—	19	10
Capital reserve arising	(189)	—	—
Minority interest	(293)	—	—
	756	376	45

NOTES

1. ACCOUNTING POLICIES

The financial information set out above has been prepared on the basis of the following significant accounting policies which have been applied consistently throughout the period under review.

(i) *Accounting convention*

The financial statements have been prepared under the historical cost convention as adjusted by the revaluation of certain fixed assets referred to in (iv) below.

(ii) Consolidation

The consolidated accounts comprise the accounts of MCD Group for the year ended 31st December. The results of businesses acquired during the year are included for the period from the date of acquisition to 31st December.

(iii) Sales

Sales represent the invoiced value of goods sold, less returns, and are shown net of value added tax.

(iv) *Fixed assets*

The property at Bridgend is shown at the open market valuation at 18th December, 1981, immediately following the acquisition of the freehold: the property was previously held on long leasehold. The long leasehold premises at Nottingham are shown at their open market valuation at 28th September, 1977.

(v) Depreciation

Depreciation and amortisation is provided at rates intended to write off the cost of fixed assets over their estimated useful lives as follows:

Freehold land	—no depreciation
Freehold buildings	—2% per annum, straight line basis
Leasehold properties	—over life of lease
Warehouse equipment and office furniture	—10% per annum, straight line basis
Warehouse and office machinery	—20% to 25% per annum, straight line basis
Motor vehicles	—25% per annum, straight line basis

(vi) Stock

Stock is valued at the lower of cost and estimated net realisable value.

(vii) Deferred taxation

Deferred tax is provided in respect of timing differences other than those which the directors consider are likely to continue in the future. No provision is made for deferred taxation on timing differences arising in respect of accelerated capital allowances and stock relief since, in the opinion of the directors, such liabilities are considered unlikely to arise in the foreseeable future. Similarly no provision is made in respect of the surplus arising on the revaluation of the freehold property at Bridgend.

2. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEMS

Profit before taxation and extraordinary items has been determined after taking account of the following:—

	Year ended 31st December 1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Exceptional profits being the discount negotiated on the book debts on certain businesses acquired by MCD Group, before any financing or collection costs	—	58	25	7	—
Interest payable	43	122	189	171	147
Interest receivable	—	(13)	(3)	(18)	(10)
Net interest payable	43	109	196	153	137
Depreciation	43	82	134	165	206
Hire charges	18	65	48	8	42
Directors' remuneration	23	12	21	16	36
Auditors' remuneration	4	8	13	21	26

3. TAXATION

Taxation charged in the profit and loss account has been as follows:—

	Year ended 31st December 1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Corporation tax	—	—	—	6	198
Irrecoverable ACT	—	4	5	6	—
	—	4	5	12	198

4. EXTRAORDINARY ITEMS

Extraordinary items in 1979 comprised legal and other fees in respect of the acquisition of certain businesses.

5. SHARE CAPITAL AND DIVIDENDS

At 31st December, 1982, the authorised and issued share capital of MCD was as follows:—

	Authorised £'000	Issued and fully paid £'000
Ordinary shares of £1 each	442,000	232,000
Cumulative Convertible Participating Preferred Ordinary shares of £1 each	58,000	58,000
	500,000	290,000

The cumulative convertible participating preferred ordinary shares are all held by FFI (UK Finance) plc ("FFI"). These shares as a class carry a fixed entitlement to a cumulative preferential dividend of 3% of the net profits before tax of MCD Group as shown by the consolidated profit and loss account, subject to a minimum of £9,900 per annum, together with a further right to participate in the profits of MCD Group as described in note 6 below. The appropriate dividend has been paid in full in respect of each year for which these shares have been in issue. No dividends have been paid in respect of the ordinary share capital of MCD. Since 31st December, 1982 the issued share capital of MCD has increased as described in note 16.

6. EARNINGS PER SHARE

Earnings per share have been calculated on the basis of the profit of MCD Group after tax and before extraordinary items in each year, and the total number of shares in MCD in issue as adjusted for a one for one bonus issue in 1980. For the purposes of this calculation the issue of the whole of the shares in connection with the purchase of Crossforge is assumed to have occurred before 1st January, 1978, since the earnings are stated ignoring minority interest. The number of shares on which earnings have been calculated is 352,540 up to 25th January, 1979 and 410,540 thereafter.

The shares held by FFI have been included in the calculations since these shares carry an entitlement to participate pari passu with the ordinary shares in the profits of MCD Group to the extent which these profits exceed the amount necessary to pay a dividend on each ordinary share equivalent to the preferential dividend attributable to each share held by FFI. The earnings of MCD Group in each year since 1979 have been sufficient for these rights to become effective.

7. FIXED ASSETS

At 31st December, 1982 the fixed assets of MCD Group comprised the following:

	At cost £'000	At valuation £'000	Gross book value £'000	Accumulated depreciation £'000	Net book value £'000
Freehold property	—	360	360	6	354
Long leasehold property	—	95	95	5	90
Short leasehold property	18	—	16	3	13
Machinery, equipment and furniture	473	—	473	245	228
Motor vehicles	483	—	483	239	244
Total	872	455	1,427	498	929

The freehold property was valued on an open market basis in 1981 and the long leasehold property was valued on a similar basis in 1977.

8. SUBSIDIARY COMPANIES

At 31st December, 1982 the subsidiary companies of MCD, which were all incorporated in the United Kingdom, and its interest therein, were:

	Date of Incorporation	Issued Share Capital £	Percentage of share capital held by: MCD	Crossforge Limited
Melville & Halley Limited	28th September, 1946	18,900	100	
MCD (Northern Ireland) Limited	28th August, 1878	2	100	
Cheshires of Nottingham Limited*	16th August, 1879	2	100	
Crossforge Limited	13th December, 1976	123,000	51	
Rolfe & West Limited	5th November, 1946	14,750		100

*This subsidiary did not trade during the period under review

9. CASH AND BANK BALANCES

MCD Group's overdraft facilities are secured by bank debentures conferring fixed and floating charges on the assets of each company within MCD Group with interlocking guarantees. In respect of MCD the bank debenture ranks pari passu with the charge created by the debenture in respect of the loan from FFI as set out in note 10.

10. LOANS

Loans at 31st December, 1982 were as follows:

	MCD £'000	MCD Group £'000
FFI, balance falling due after 31st December, 1983	168	168
Unsecured loan	—	150
	168	318

The FFI loan bears interest at a fixed annual rate of 14.25 per cent., and the above amount is repayable in four equal annual instalments of £33,000 from 31st December, 1984 and a final instalment of £36,000 at 31st December, 1988. An instalment of £33,000 repayable on 31st December, 1983 is included in the balance sheet under current liabilities. The loan is secured by a fixed and floating charge on the assets of MCD ranking pari passu with the bank debenture securing the MCD overdraft.

The unsecured loan is due to a shareholder in MCD, is free of interest and has no defined repayment terms.

As a result of the proposed acquisition of MCD by Trafford Carpets (Holdings) plc the loan from FFI will become repayable at the option of FFI, which has however confirmed in writing that it does not intend to exercise this option.

11. TAXATION

At 31st December, 1982 the balance comprised:

	MCD £'000	MCD Group £'000
Corporation Tax	96	202
ACT payable	7	7
	103	209

12. DEFERRED TAXATION

At 31st December, 1982 the potential amount of deferred taxation, none of which has been provided in the accounts, was as follows:

	£'000
Accelerated capital allowances	148
Surplus on revaluation of assets	79
	227
Less: Other timing differences	(135)
	92

13. RESERVES

Movements on reserves during the period covered by this report have been as follows:—

	Year ended 31st December 1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000
Balance brought forward	494	665	1,172	1,335	1,697
Transfer from profit and loss account	171	390	318	358	406
Share premium arising	—	61	—	—	—
Surplus on revaluation of fixed assets	—	56	—	16	—
Capitalisation issue	—	—	(145)	—	—
Goodwill arising on acquisitions	—	—	(10)	(10)	—
Balance carried forward	665	1,172	1,335	1,697	2,103

An analysis of reserves at 31st December, 1982 is as follows:

	£'000
Non-distributable:	
Surplus on revaluation	16
Capital reserve on consolidation	858
	874
Distributable:	
Retained profits	1,229
	2,103

14. CAPITAL COMMITMENTS

At 31st December, 1982 capital commitments of £650,000 relating to the purchase of the freehold property at Kidderminster referred to in note 16, were contracted for. There were no other capital commitments at that date.

15. CONTINGENT LIABILITIES

There were no material contingent liabilities of MCD Group at 31st December, 1982.

16. POST BALANCE SHEET EVENTS

(i) The freehold of the short leasehold properties at Kidderminster was acquired by Cheshires of Nottingham Limited on 8th January, 1983 at a cost of £650,000.

(ii) Trade creditors are usually paid during the second half of each month but each December over the holiday period, the majority of these payments are deferred by agreement until the following month. The amount of such payments deferred at 31st December, 1982 and paid during 1983 was £1,672,000.

(iii) On 29th March, 1983 FFI exercised the right to convert its entire holding of 58,000 cumulative convertible participating preferred ordinary shares of £1 each into an equal number of ordinary shares of £1 each, ranking pari passu with the existing ordinary shares. On 21st March, 1983 MCD acquired the minority interest in Crossforge in consideration of the issue of 120,540 ordinary shares to the minority shareholders in Crossforge, being 2 ordinary shares in MCD for each ordinary share of £1 in Crossforge. As a result of these transactions the issued share capital of MCD is now £410,540, represented by 410,540 ordinary shares of £1 each.

CURRENT COST ACCOUNTS

Accounting bases

Current cost accounts have been prepared for MCD Group in accordance with the requirements of Statement of Standard Accounting Practice No. 16. Fixed assets have been revalued by reference to appropriate Government indices with the exception of freehold and leasehold properties, which are stated at the valuations incorporated in the historical cost accounts. In the current cost operating adjustments the cost of sales adjustment and monetary working capital adjustment are combined as a working capital adjustment, calculated by the averaging method with reference to the appropriate Government index.

Profit and loss accounts

The summarised MCD Group consolidated current cost profit and loss accounts for the two years ended 31st December, 1982 are as follows:—

	Year ended 31st December, 1981 £'000	£'000	1982 £'000	£'000
Turnover		16,938		20,685
Profit before interest and taxation on the historical cost basis		535		760
Less: Current cost operating adjustments		(131)		(119)
Current cost operating profit		404		641
Net interest payable	153		137	
Less: Gearing adjustment	(25)		(29)	
		(128)		(108)
Current cost profit before taxation		276		533
Taxation		(12)		(196)
Current cost profit attributable to shareholders		264		337
Dividends		(14)		(21)
Retained current cost profit for the year		250		316

Current cost operating adjustments are as follows:—

	1981	1982
Working capital	73	84
Depreciation	44	31
Fixed assets disposals	14	4
	131	119

APPOINTMENTS

Managing director designate of English Clays Lovering Pochin

Dr Stanley Dennison has been appointed as deputy managing director of ENGLISH CLAYS LOVERING POCHIN AND CO. He will be appointed managing director when *Sir Alan Dalton* succeeds to the chairmanship of English China Clays following the retirement of Lord Aberconway at the annual meeting in February 1984.

★

H. P. BULMER HOLDINGS has appointed Mr Andrew Harding as a non-executive director. He is a partner in Macfarlanes, London solicitors, and is also a non-executive director of a number of other UK and overseas companies.

★

Mr R. H. Thomas has been appointed managing director of BLACK AND DECKER (UK). He succeeds Mr N. P. Hamilton who has become senior vice president for manufacturing and technical development at Black and Decker's corporate office in Towson-Maryland. Mr Thomas, who was previously general manager of the UK company, has also been appointed a grov vice president of the corporation.

★

Mr Graham Filleul has been appoioted to the board of CHARRINGTON AND WOOD (FINANCIAL SERVICES).

Mr Terry Forrester is the new managing director of PPL-MMS—a subsidiary of *application* software supplier, Package Programs. He was sales manager.

★

Mr Michael A. Lyden has been appointed head of group planning of NATIONAL WESTMINSTER BANK'S business development division. Previously he was regional general manager, corporate and correspondent banking, international banking division.

★

Mr Geof Mann has been appointed general manager of SEAFORTH ENGINEERING, a wholly-owned subsidiary of Seaforth Maritime, Aberdeen. He joined in 1979 from Taylor Woodrow Construction on appointment as commercial manager to the project team for the new multi-functional service vessel "MSV Stadive." In 1980, he became manager (Finland) for Seaforth's team supervising construction of the vessel at the Pori yard of Ramma Repola.

★

Mr C. Rodney Spencer, has been appointed vice-chairman of the TIPTON AND COSELEY *BUILDING SOCIETY in succession* to Mr Alec Rhodes who has retired after nearly 25 years' service as a director. Mr Spencer is a partner in chartered accountants Clement Keys and Co and has been a director of Tipton *and Coseley* since December 1964.

★

Mr Steven Huett, who has acted as production manager for three years for the WAREHOUSE GROUP, has been appointed *managing director of* the manufacturing division, Evans and Owen (Wholesale).

★

Mr J. Gordon S. Linacre has been appointed chairman of YORKSHIRE POST NEWSPAPERS in succession to Mr F. E. Hudson who is retiring on becoming 70. Mr Linacre will continue as managing director, a post he has held since 1965. He is also deputy chairman and joint managing director of United Newspapers, the group to which YPN belongs, and is a director of Yorkshire Television and Trident Television. Mr Hudson will continue as a director.

★

The UNITED MIZRAHI BANK has been granted licenced deposit taking status by the Bank of England and made the following appointments in its London office. Mr Menahem Weber has been appointed general manager. Mr Michael G. Griffen has been appointed operations manager. He was *formerly operations manager* of Harris Trust and Savings Bank. Mr Ralph Rosen has been appointed chief foreign exchange dealer. He was formerly manager, foreign exchange and money of North Carolina National Bank.

★

Mr Antony Ripper has been appointed general manager of DOWTY ELECTRONICS (communications division) in succession to Mr Peter Williams who is taking early retirement to become a consultant to the division. *Additionally*, Mr Ripper has been appointed a director *of* Dowty Electronics. He joined the group in 1979 when Ripper Systems was acquired by Dowty Group to form part of the group's electronics division.

★

Mr Kevin J. T. Murphy-O'Conner has joined GIBBS SAGE as director North American division with special duties to develop aviation business.

★

Mr Peter Ridsdale has been appointed regional personnel director, for Europe, the Middle East and Africa, of the international consumer products division of SCHERING PLOUGH.

★

From May 1 the ARGUS PRESS GROUP will be restructured into five operating divisions, each with its own chief executive: Newspapers and printing—Mr N. E. Richards; business magazines—Mr G. E. Fewkes; specialist magazines—Mr T. J. Connell; consumer magazines—Mr A. F. B. Harvey and U.S.A. magazines—Mr T. Gold Blyth, who is also chairman and group *chief executive*.

MCD GROUP plc *continued*

Balance sheet

The summarised consolidated current cost balance sheet of MCD Group at 31st December, 1982 is as follows:—

	£'000
EMPLOYMENT OF CAPITAL	
Fixed assets	923
ACT Recoverable	8
Current assets:	
Stock	2,814
Debtors	4,118
Cash	1,942
	8,874
Current liabilities:	
Creditors	5,799
Bills payable	970
Hire purchase creditors	71
Taxation	202
ACT payable	7
Loans repayable within twelve months	33
Dividends	11
	7,093
Net current assets	1,781
	2,713
CAPITAL EMPLOYED	
Share capital	290
Current cost reserve	418
Other reserves and retained profits	1,687
Shareholders funds	2,395
Loans	318
	2,713

Yours faithfully,

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Crumpton, Homer & Co.
Chartered Accountants

APPENDIX III

PRO FORMA BALANCE SHEET OF THE ENLARGED GROUP

The pro-forma balance sheet of the Enlarged Group based on the audited accounts of the Trafford Group and the MCD Group at 31st December, 1982 and derived according to merger accounting principles is as follows:

	Trafford Group	*MCD Group*	*Enlarged Group*
	£'000	£'000	£'000
Employment of Capital:			
Fixed assets	428	1,579	2,007
Goodwill	—	—	732
ACT recoverable	—	9	8
Current assets:			
Stock	448	2,806	3,254
Debtors	592	4,118	4,710
Cash at bank	11	1,292	1,303
	1,051	8,216	9,267
Current liabilities:			
Trade creditors and bills payable	488	6,769	7,257
Hire purchase creditors	—	71	71
Taxation	—	209	209
Loans repayable within 12 months	—	33	33
Dividend payable	—	11	11
	488	7,093	7,581
Net current assets	563	1,123	1,686
Loans	(150)	(318)	(468)
	841	2,393	3,968
Capital Employed:			
Share capital			3,485
Reserves			481
Shareholders funds			3,966

Notes:

(i) For MCD Group and the Enlarged Group, fixed assets include the freehold land and buildings at MCD House, Kidderminster, acquired by Cheshires of Nottingham Limited in January, 1983 for £650,000. Cash at bank has been adjusted accordingly.

(ii) No account has been taken of the expenses of and incidental to the purchase of MCD and the relisting of the Company's share capital.

APPENDIX IV

PARTICULARS OF THE ENLARGED GROUP'S PRINCIPAL PROPERTIES

(a) MCD Freehold Property

Owner	*Location*	*Site Area acres*	*Floor Area sq. ft.*
Cheshires of Nottingham Limited	MCD House and Buildings, Birmingham Road, Kidderminster. *Office and Warehouse premises partly let to Crossforge and partly to other lessees*	2.75	59,000
Crossforge	Concord House, Bridgend, Mid-Glamorgan comprising office and warehouse accommodation erected on Plots 38 and 38a Brackla Industrial Estate, Bridgend	2.5	27,000

(b) MCD Leasehold Properties

Lessee	*Premises*	*Site Area Acres*	*Annual Rent £*	*Unexpired period of Lease*	*Next Review Date*	*Floor Area Sq. ft*
MCD	Concord House, Nottingham Road, Basford, Nottingham	2.30	22,500	78 years 8 months	27/4/83	60,000
Rolfe & West Limited	Unit K2 Lyn Town Trading Estate, Old Wellington Road, Patricroft, Eccles, Greater Manchester	1.08	44,524	23 years 2 months	25/3/86	27,827
Melville & Halley Limited	Unit No's 1, 2 and 3 Dryburgh Industrial Estate, Dundee	D.34	15,432 until 31/7/83 then 19,290 until review date	24 years 8 months	15/5/84	12,500
M.C.D. (Northern Ireland) Limited	16 Duncrue Street, Belfast	D.44	25,000	Holding over under expired Lease. New Lease in the course of negotiations		19,296

(c) Trafford Properties

Owner	*Location*	*Fixed Annual Rent/ Rent Charge*	*Site Area acres*	*Floor Area sq. ft.*
The Company	Premises between Mosley Road and Textilose Road, forming part of The Trafford Park Estate, Stretford, Greater Manchester, being partly freehold and partly leasehold for a term of 999 years from 1811	£2,578.91	9.48	201,000

APPENDIX V

PART I

FURTHER INFORMATION RELATING TO THE TRAFFORD GROUP

1. Share Capital

The table below sets out the issues of Ordinary shares for cash or other consideration by the Company since 29th March, 1981:

	Ordinary Shares
In issue on 29th March, 1981	1,440,000
Issued in consideration for the purchase of MCD	12,500,000
Shares in issue	13,940,000

Save as disclosed in paragraph 4 below no commissions, discounts, brokerages or other special terms have, since 29th March, 1981 been granted by any member of the Trafford Group in connection with the issue *or sale of any share or loan capital of any member of the Trafford Group.*

Save as disclosed in this paragraph, no unissued share or loan capital of any member of the Trafford Group is under option or has been agreed conditionally or unconditionally to be put under option, and no such capital has been issued, fully or partly paid, for cash or for a consideration other than cash since 29th March, 1981 nor is any proposed to be so issued.

Save for the shares issued to effect the acquisition of MCD the Directors have no present intention of issuing any unissued shares and no issue will be made which would effectively alter the control of the Company without the prior consent of the Company in general meeting.

2. Articles of Association

The Articles of Association of the Company contain provisions (inter alia) to the following effect:—

(a) On a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member shall have one vote, and in case of a poll every member shall have one vote for every share of which he is the holder.

(b) *The qualification of a Director shall be the holding alone and not jointly with any other person of shares* of the Company of the nominal value of not less than £100.

(c) The Directors are empowered to exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking and property (both present and future) including its uncalled capital for the time being and to issue debentures and other securities but shall restrict the borrowings of the Company so as to ensure that the aggregate amount for the time being remaining undischarged of all monies borrowed by the group (exclusive of inter group borrowing) *shall not at any time without the prior sanction of an Ordinary Resolution of the Company exceed* a sum equal to one and one half times the aggregate of (a) the amount paid up on the share capital for the time being of the Company and (b) the amounts standing to the credit of the capital and revenue reserves of the group, (including any Share Premium Account, Capital Redemption Reserve Fund, and the amount standing to the credit, but less the amount standing to the debit, of the Consolidated Profit and Loss Account) all as shown by a consolidation of the latest audited Balance Sheet of the group but adjusted as may be appropriate (i) to reflect any variation since the date of such Balance Sheet in the amount of such paid up share capital and reserves (other than the amount standing to the credit or debit of the Consolidated Profit and Loss Account) and (ii) to exclude any sum set aside for taxation.

(d) Each Director is entitled to a fee of £1,250 for his services as a Director and the Chairman is entitled to an additional *sum of £3,750 per annum. The Directors are entitled to be repaid by the Company* all such reasonable travelling (including hotel and incidental) expenses as they may incur in attending meetings of the Board or of Committees of the Board or general meetings or as they may otherwise incur in or about the business of the Company. Any Director who serves on any Committee or who *devotes special attention to the business of the Company or who otherwise performs services which* in the opinion of the Directors are outside the scope of the ordinary duties of a Director may (unless otherwise expressly resolved by the Company in general meeting) be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

(e) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations gratuities pensions allowances or emoluments to, any persons who are or were at any time in the *employment or service of the Company or any subsidiary or associated company* (including Directors and other officers) and the wives, widows, families and dependants of any such person.

(f) No Director shall be disqualified from contracting with the Company nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided nor shall the Director be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding his office as Director, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration.

(g) A Director shall not vote in respect of any contract or arrangement in which he is so interested but this prohibition does not apply to:—

(i) any contract or arrangement by a Director to subscribe for, guarantee or underwrite shares or debentures of the Company or of any other company which the Company may promote or be interested in.

(ii) any contract or resolution for giving to the Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company.

(iii) any contract or dealing with a corporation where the sole interest of a Director is that he is a Director member or creditor of such Corporation.

In addition, this prohibition may be suspended or relaxed to any extent, either generally or specifically, by the Company in General Meeting.

(h) *Notwithstanding his interest a Director may be counted in the quorum present at any meeting at which* he or any other Director is appointed to hold any office or place of profit under the Company or at which the Directors resolve to exercise any of the rights of the Company to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or at which the terms of any such appointment are considered and he may vote on any such matter save only that he shall not be counted in the quorum nor shall he vote in respect of the particular resolution concerning his own appointment or the arrangement of the terms thereof.

(i) The Directors are empowered to elect a Chairman and Deputy Chairman of their meetings and determine the period for which they are to hold office. The Directors may also appoint one or more of their number to the office of Managing Director or to any other executive office either for a fixed term or without limitation as to the period and at such remuneration whether by way of salary *commission participation in profits or otherwise as the Directors may determine.*

The statutory provisions as to an age limit for Directors apply.

3. Directors and other interests

(i) Prior to the acquisition of MCD and the issue of the new Ordinary shares:—

The interests of the Directors and their families in the Ordinary shares of 25p each of the Company as shown in the register maintained under the provisions of Section 29 of the Companies Act 1967, are and will be as follows:—

	Beneficial	*Other*	*Trustee*	*Total*
S. P. Marsh	81,433	346,613	—	408,046
K. A. Scott	7,600	—	—	7,600
P. R. Marsh	97,767	346,613	169,655	614,035
J. G. Marsh	29,700	—	47,026	76,726
D. Caulfield	400	—	—	400

Under the heading "Other" are shown Ordinary shares held by companies controlled by the Directors concerned.

There are common holdings included in the interests disclosed above in respect of 368,020 Ordinary shares.

With the exception of the holdings of Mr. N. A. McNeill and others totalling 97,874 Ordinary shares, representing 6.8 per cent., and save for those interests shown above, the Directors have not received notification of any beneficial interest amounting to 5 per cent. or more of the issued Ordinary shares of the Company.

(ii) After the acquisition of MCD, the issue of the new Ordinary shares and the placing of Ordinary shares by Robert Fleming:—

The beneficial interests of the Directors and their families in the Ordinary shares of 25p each of the Company would be shown in the register maintained under the provisions of Section 29 of the Companies Act 1967 as follows:—

	Ordinary shares No.	*%*
P. J. Custis	5,000	0.04
A. R. Jenkins	288,477	2.07
G. Motteram	288,477	2.07
G. Waldron	3,795,408	27.23

With the exception of the Directors shown above and the following holdings, the Directors are not aware of any beneficial interest which would amount to 5 per cent. or more of the issued Ordinary shares of the Company:—

	Ordinary shares No.	*%*
R. H. Brazier	1,951,500	14.00
FFI (UK Finance) plc	1,476,347	10.59
D. A. Hobbs	2,140,705	15.36

4. General

(i) Material Contracts—The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Trafford Group within the period of two years immediately preceding the date of this document and are or may be material:

(a) The Purchase Agreement dated 29th March, 1983 made between the shareholders of MCD (1) and the Company (2) and which contained provisions usual in such matters including warranties and indemnities given by the shareholders of MCD other than FFI (UK Finance) plc in relation to the MCD Group.

(b) An agreement dated 29th March, 1983 between the shareholders of MCD (1), the Company (2), the *Directors of the Company (3) and Robert Fleming (4) under which Robert Fleming agreed* conditionally to purchase 2,050,000 of the new Ordinary shares proposed to be issued to shareholders of MCD and to use its best endeavours to place these shares at the same price. Robert Fleming will receive a fee of £110,000 (exclusive of Value Added Tax) out of which it will pay its own legal costs, and a fee to Coni, Gilbert & Sankey.

(ii) Save as disclosed in this document and apart from changes in the ordinary course of business, there has been no material change in the financial or trading position of the Trafford Group since 31st December, 1982, the date of the latest accounts.

(iii) No Director had or has any interest, direct or indirect, in any assets which, since 29th March, 1981, have been or are proposed to be acquired, disposed of by or leased to any member of the Trafford Group and no Director has a material interest in any contract or arrangement entered into by any member of the Trafford Group which is significant in relation to the *business of the Trafford Group taken as a whole.*

(iv) The Directors are not aware of any litigation or claim of material importance pending or threatened against any member of the Trafford Group.

(v) None of the Directors of the Company has a service contract with the Company or any of its subsidiaries which does not expire, or is not determinable by the employing company without payment of compensation (other than statutory compensation) within one year.

PART II

FURTHER INFORMATION RELATING TO MCD

1. Share Capital

The table below sets out the issues of Ordinary shares for cash or other consideration by MCD since 29th March, 1981:

	Ordinary shares
In issue on 29th March, 1981	232,000
Issued in March 1983 on conversion of 58,000 Cumulative Convertible Participating Preferred Ordinary Shares	58,000
Issued in March 1983 in consideration for the purchase of the 49 per cent. minority interest in Crossforge	120,540
Shares in issue	410,540

Save as disclosed in this document, no share or loan capital of MCD is under option or has been agreed conditionally or unconditionally to be put under option, and no such capital has been issued, fully or partly paid, for cash or for a consideration other than cash since 29th March, 1981 nor is proposed to be so issued.

2. General

(i) Save as disclosed in this document and apart from changes in the ordinary course of business, the Proposed Directors of the Company are not aware of any material change in the financial or trading position of MCD since 31st December, 1982.

(ii) No Proposed Director of the Company had or has any interest, direct or indirect, in any assets, which, since 29th March, 1981, have been or are proposed to be acquired, disposed of by or leased to MCD and no Proposed Director of the Company has a material interest in any contract or arrangement entered into by MCD which is significant in relation to the business of MCD.

(iii) The Proposed Directors of the Company are not aware of any litigation or claim of material importance pending or threatened against MCD.

(iv) *Material Contracts—The following contracts*, not being contracts entered into in the ordinary course of business, have been entered into by the MCD Group since 29th March, 1981 and are or may be material;—

(a) Several transfers of shares dated 4th September, 1981 and made between Harold Merton Adams, Winnie Robertson, James Cairnie and Beatrice Bessie Adams (1) and MCD (2) whereby MCD acquired the whole of the issued share capital of Melville & Halley Limited comprising 18,900 Ordinary Shares of £1 each for the sum of £16,879.

(b) An Agreement dated 6th January, 1983 between W. & R. R. Adam Limited (1) W. & R. R. Adam *Property Company Limited (2) and Cheshires of Nottingham Limited (3) whereby Cheshires of* Nottingham Limited acquired the freehold reversion of the offices, warehouses and land known as MCD House, Birmingham Road, Kidderminster at the price of £650,000.

(c) Agreement dated 21st March, 1983 between the shareholders of Crossforge (1) and MCD (2) whereby MCD acquired the outstanding minority interest in Crossforge in consideration of the issue of 120,540 ordinary shares in MCD.

PART III

GENERAL INFORMATION

1. The expenses of and incidental to the purchase of MCD, the placing of new Ordinary shares and the listing of the Company's enlarged share capital which will be borne by the Company are estimated to amount to £290,000 (exclusive of Value Added Tax).

2. Peat, Marwick, Mitchell & Co. and Crumpton, Homer, & Co. have given and have not withdrawn their respective written consents to the inclusion of and reference to their report set out in this document in the form and context in which it appears.

3. The emoluments of the Directors of the Company, in respect of the nine months ended 31st December, 1982, amounted to approximately £14,500. The emoluments of the Directors of the Company for the year ending 31st December, 1983 are expected to be approximately £61,500.

4. The financial information relating to the Trafford Group and to MCD Group set out in Appendices I and II, respectively, of this document are abridged versions of the full accounts on which the respective auditors have, in each case, given an unqualified report. The full accounts have been delivered to the Registrar of Companies in each case except for those of the Trafford Group for the nine month period ended 31st December, 1982 and for those of MCD Group for the year ended on that date.

5. A Certificate of Exemption has been granted by the Council of The Stock Exchange pursuant to section 39 of the Companies Act 1948.

6. A copy of the placing letter and form of acceptance issued on behalf of Robert Fleming in connection *with the placing of new Ordinary shares and a copy of this document have been delivered to the Registrar of* Companies for registration, together with copies of the above mentioned consents, a statement of the adjustments made by Peat, Marwick, Mitchell & Co. and Crumpton, Homer & Co. in arriving at the figures set out in their report and the reasons therefor and the material contracts referred to in Part I paragraph 4 and Part II paragraph 2 above.

7. For the purposes of paragraph 4 of Part I of the Fourth Schedule to the Companies Act 1948, there is no amount which, in the opinion of the Proposed Directors, must be raised by the placing of new Ordinary shares in order to provide for any of the matters referred to therein.

8. For the purposes of paragraph 5 of Part I of the Fourth Schedule to the Companies Act 1948, the subscription lists for the new Ordinary shares being placed will be opened at 3.00 p.m. on 29th April, 1983 and they may be closed at any time thereafter.

9. *The Company will not be receiving any part of the proceeds of the placing of new Ordinary shares.*

10. Pursuant to contract (a) in Part I paragraph 4 above the shareholders of MCD other than FFI (UK Finance) plc have given an indemnity to Trafford and MCD in respect of any depletion of their assets by reason of capital transfer tax and other taxation.

11. Clearances under Schedule 16, Finance Act 1972 have been obtained for MCD and Crossforge in respect of all of the years ended 31st December, 1981.

12. Copies of the following documents will be available for inspection at the offices of Sheppards and Chase, Clements House, Gresham Street, London EC2V 7AU, during normal business hours on weekdays (excluding Saturdays and public holidays) up to and including 10th May, 1983:—

(a) the Memorandum and Articles of Association of the Company;
(b) *the Memorandum and Articles of Association of MCD;*
(c) the audited consolidated accounts of the Company for the financial year ended 31st March, 1982 and the nine months ended 31st December, 1982;
(d) the audited accounts of MCD for each of the financial years ended 31st December, 1981 and 1982;
(e) the Accountants' Report and Statement of Adjustments prepared by Peat, Marwick, Mitchell & Co. and Crumpton, Homer & Co. on MCD;
(f) the material contracts referred to in Part I paragraph 4 above;
(g) the material contracts referred to in Part II paragraph 2 above; and
(h) the written consents referred to in Part III paragraph 2 above.

27th April, 1983.

TECHNOLOGY

EDITED BY ALAN CANE

SEMICONDUCTOR HOUSE PUT CHIPS TO WORK IN DESIGNING MORE COMPLEX CHIPS

Computer aided engineering comes of age

BY LOUISE KEHOE IN SAN MATEO, CALIFORNIA

LIKE the shoemaker's son who has no boots, semiconductor chip companies have been slow to make use of their own products. Now, they are finally getting around to putting microprocessor power to work on their own most difficult engineering challenge—designing new integrated circuits.

Using chips to design chips is called "computer aided engineerlng" (CAE). Over the past two years several new companies have begun applying microcomputers to the task of automating the design of microprocessors. Daisy Systems of Sunnyvale, California, started the trend *with it's CAE workstations*, introduced in late 1981.

Since then, others such as *Valid Logic, also of Sunnyvale*, Mentor Graphics from Portland, Oregan, have brought competing systems to market. Several more companies—both start-ups and companies in the established computer aided design field—also have systems under development.

Electronic systems manufacturers, makers of computers, telephone exchanges and aerospace systems, for example, have been quick to recognise the potential of CAE. Most of the three per cent of design engineers who have access to CAE workstations today are with systems companies.

Now the chip makers themselves are becoming enthralled with computer-aided design. Daisy Systems, the leading supplier of CAE workstations, claims that its system is being used on almost every 32-bit microprocessor design project *in the world*.

Apart from the fact that they have a *larger screen, these* workstations look much like any other "workstation" or personal computer. Inside they are *even* more similar, using standard microprocessor memory and peripheral chips.

The CAE workstation does for the circuit design engineer what the word processor has already done for office workers. *It is a productivity tool* that increases output, while also eliminating most of the human errors that can occur in the process of creating a new document or design.

CAE workstations can also complement the creativity of their users. Just as writers who use word processors find that they become free to try out new ideas, new styles and new techniques because editing the ones that *do not* work is so much easier, so circuit designers say that *they too can play around* with their designs in the knowledge that corrections can be made simply and quickly.

There are, however, some radical differences between the microcomputer for the circuit designer and the ordinary personal computer. First there is the price. CAE workstations cost *from $50,000* to $100,000 each. Most of the technical differences lie in the *software* that runs on the machines. CAE software implements a set of highly complex rules of circuit design.

The CAE workstation will automatically flog circuit design errors before they ore noticed by the engineer. This is analogous to a writer being told that he has misspelled a word or forgotten to put a verb in a sentence.

The CAE workstation can be applied to several types of design *problems*. Daisy has so far introduced two types of workstation. The logician is aimed at designers of "custom" chips. The Gatemaster is an extension of the system for the design of "gate arrays"—semi-custom devices that are tailored from a standary array of logic *devices* to fit individual applications.

Instead of words, the engineer's workstation uses graphics. With the touch of a button the engineer can place o symbol representing a transistor on the screen. Better still, he can entomatically route the connection between ono transistor and the next in the knowledge that the computer will choose the optimum route for that connection.

If for his own good reasons the engineer wants to take a roundabout route to the next point, that is allowed—just as writers sometimes want to break the strict rules of grammar by beginning sentences with "ands" or "buts."

The most exciting feature of the CAE workstation *is*, however, that it automatically "reads" the circuit design to verify that it will work to *provide cost* and time saving by eliminating the process of "printing" the circuit on silicon before it has been proved.

Using CAE workstations, circuit designers can cut the time that it normally takes to design new integrated circuits by as much as 30 per cent, according to the CAE workstation markers. For chip manufacturers, shorter development times can mean *higher profits if they* are able to beat their competitors to the market with a *new* type fof device.

By greatly simplifying the process of chip design, CAE workstations also promise to expand the number of individuals and companies that can design their own "custom" chips.

There are only an estimated *2,000 engineers in the U.S.* today capable of designing sophisticated integrated circuits. One hundred times as many engineers work on the design of electronics systems that ara *built out* of those circuits. Using CAE workstations that "know" the details of chip design allows the systems designer to defina chip functions without having to bother about all the tedious *details of how* individual circuit functions operate.

By revolutionising the process of designing integrated circuits, computer aided engineering can be expected to have significant, *long-term* effects upon the structure of that industry, *just as automation* haa brought new life—and the same time aggravated unemployment in "smoke stack" industries.

KIDNEY TECHNIQUES APPLIED TO CANCER

New uses for dialysis sought

GAMBRO, a *Swedish* medical equipment group, is trying to adapt the techniques developed for kidney dialysis to treat other *common diseases* such as cancer and baemophilia.

The group has 20 per cent of the world market for kidney dialysis *which is estimated* to be worth about £500m. Gambro specialises in three main product groups in the medical field dealing with kidney diseases, the heart and intensive care. Its biggest business, however, is in kidney dialysis.

Mr Anders Althin, president of Gambro, said that the company spends up to 10 per cent of its profits on research and development. At present Gambro *has* three research centres at Lund in southern Sweden, *Hechingen* in West Germany and Los Angeles in the U.S. The aim of the work is to find new methods to treat diseases and to improve already existing techniques and materials.

For example, Mr Althin said that the company was trying to halve the amount of time kidney patients have to spend connected to a dialysis machine by improving the filter designs.

All dialysis treatment is based on the same principles. Inside the dialyzer, blood flows between thin membranes with microscopic pores through which waste products can pass. On the other side of the membrane is the *dialysis* fluid which carries away the *body's waste products*.

As well as its applications *to patients suffering from* kidney failure, Mr Althin said *that Gambro was looking at the* applications of dialysis in the treatment of other diseases such as haemophilia, cancer and rheumatism and a range of auto-immune diseases.

This is an entirely new area of use for dialysis where the blood is removed from the body and harmful substances removed in a continuous process. The potential advantage of this method against conventional chemotherapy in the administration of drugs is that nothing is being added to cause *any potentially harmful side* effects.

About 98 *per cent* of the group's sales of £100m are outside Sweden. More than half tha exports are in Europe. Other large markets are in the U.S. and Japan. Recently introduced onto the Swedish stock market the company grew by 24 per cent last year.

Though Gambro was established in Sweden it is an international *company employing* more than 1,300 employees *across the group with manufac*turing plants in Europe, Japan and the U.S. and research links with many of the world's most famous hospitals.

REPORTS CONFIRM STRONG GROWTH IN COMPUTING/ELECTRONICS

Integrated office systems boom seen

TWO REPORTS from the U.S. predict strong growth in two key electronics / computing areas.

One, from Arthur D. Little predicts a 20-fold increase in the sales of integrated office information systems while the *other, from Frost and Sullivan*, foreshadows a further boom in personal computer *software*.

The A. D. Little researchers put 1983 sales of integrated office systems in tha U.S. at about $1bn and predict that it will rise to an astonishing $23bn (in constant dollars) only five years after, in 1988. The total U.S. market for office auto*mation, including* the non-integrated equipment but excluding mainframe and *small* business computers, is put at $11.3bn for this year, $36.6bn in 1988 — an average annual growth rate of 26 per cent.

However, the ADL team is of the opinion that widespread use *of integrated systems will* be delayed until 1985, mainly because *there is usually no* single person in potential user companies that has overall responsibility for such a purchase.

At the moment, the responsibilities for office automation, data processing and voice communications are often divided among two or three groups, none of which can make an overall decision.

But say the ADL men, most medium-sized and large companies *will have solved* their organisational problems by 1988 and will then be integrating their office automation systems with their telecoms and data processing.

The predictions of Frost and *Sullivan* in the area of personal computing software are based *on its findings concerning* the current purchasing habits of users.

Apparently the average PC owner in the U.S. bought $608-worth of programs at the time he purchased his compnter and then, during only the first year of use spent a further $439 on software.

F. and S. believe that this second wave *of spending is* highly significant and leads the *organisation to forecast a* $1.2bn market for PC software by 1985, up from $274m last year. In fact, says the research group, later purchases already accounted for 25 per cent more than initial acquisitions in 1982 and will be 44 per cent higher in 1985. By then the installed *base of PCs will be mushroom*ing.

In the *U.S., mail order* is the most favoured method of distri*bution, accounting for 39 per* cent of all individual instances of software purchase, chain stores accounting for 30 per cent and specialist retailers 22 per cent. F. and S. in London is on 01 486 8377; ADL is on 01 409 2277.

GEOFFREY CHARLISH

ELECTRONIC TYPEWRITER SALES FORGE AHEAD

Upgrade paths in the office

THE 1983 edition of Keith Wharton's text processing survey, OASIS, has been publisbed and shows that, during 1982, electronic typewriter sales contiune to forge ahead dramatic*ally in spite* of the recession.

Annual sales in the UK alone *have grown from 15,000 in 1980* to 71,000 in 1982 and the total installed at the turn of the year was 114,000.

The majority of those machines are relatively unsophisticated says Wharton, and have few facilities beyond those of the electromechanical machines they replace. Increasingly howevar, purchasers are wishing they had bought something better and ona company in particular, Rank Xerox, *is* providing an upgrade path.

Another trend is the "*beefing* up" of WP software for the increasing number of personal computers (IBM sold 200,000 of its model last year) so that it is now often as good as that supplied by dedicated WP companies.

These developments, together with the appearance of screen and diskette "add-ons" for electronic typewriters means, according to Wharton, that the traditional middle ground suppliers are feeling the pinch while *most of the success is at* the two ends—the increasingly sophistcated electronic typewriter and the shared resource market in which Wang continues to lead. More on 01 940 7366.

Measurement

New load cells from Philips

A NEW generation of compact load cells is now available from Philips for industrial electronic weighing applications. The new series is smaller than previous load *cell designs. They comprise* the PR 6201 series of general purpose compression load cells, the PR 6202 tension cell ranges for use in the OEM market.

The PR 6201 series cells *have ratings up to 50 tonnes* while the PR 6202 can handle up to *5 tonnes. More information* is available on 0223 358866.

Materials

Sealing tape with tacky feel

AN INTERESTING form of *joint sealing tape has been* devised by Marley which will prove particularly useful in expansion joints and where primary waterproofing is needed.

It is a pre-compressed high density foam strip saturated in neoprene giving it a tacky feel and allowing it to expand slowly into the volume of the *joint*. One edga is self-adhesive ensuring that it stays *in place after installation*.

The material is called Will-Seal and is marketed in various dimensions in roll form.

Marley WillSeal says that no special installation skills are required and no primer. No brittleness develops with age and a 10-year guarantee is offered where the material has been *correctly* selected and installed. More on 0732 451033.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]

LA Inc $104.47 104.69 .... 9.25
LA Accs $120.29 120.54 .... 13.75
MI T Inc $118.20 116.79 .... 5.94
MI T Acc $128.14 128.70 .... 24.57

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 009 20 5400
Amer Tst $11.39 11.77 .... —

Perpetual UT Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
Offshr Grth $1.078 1.153 +0.009 2.00

Rothschild Asset Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 26741
OC International Reserves Ltd
Bel Francs BFr835.28 +0.22 0.89

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £13.6045 .... —
U.S. Dollar US$25.5045 .... —
D-Mark DM50.5208 .... —
Swiss Franc SwFr50.2502 .... —

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.
T-G Am $22.72 — .... —
T-G Money $20.78 — .... —
T-G E'bond $15.85 — .... —
T-G Com $21.57 — .... —
T-G Mort C$10.99 — .... —
T-G O'seas $11.36 — .... —
T-G Pacific Y1.792 — .... —
T-G Wall St $23.71 — .... —

Pension Funds
UK Equity 101.7 107.1 +0.4 —
Fixed Int 104.3 109.0 +0.4 —
Spec Sits 100.2 114.1 −1.0 —
N America 108.7 10.3 −1.8 —
Far East 103.2 108.7 .... —
Managed 103.8 109.0 −0.8 —
Comm Propy 90.5 101.5 .... —
Prime Res 96.4 101.5 .... —
Deposit 00.5 101.6 .... —
Capital Unit Prices available on request.

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279178
Equity 215.0 222.0 .... —

Target Life Assurance Co Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941
U.S. Dollar — — 8.7
Swiss Franc — — 6.2
Deutsche Mark — — 2.2
Yen — — 2.0

TSB Life Ltd
PO Box 0, Keens House, Andover, Hants. SP10 1PG.
Managed Fd 98.6 102.9 +0.2 —
Property Fd 95.4 100.8 .... —
Fixed Intl Fd 97.2 102.4 +0.4 —
Money Fund 95.6 100.7 .... —
Equity Fund 101.1 100.5 .... —

NORTH AMERICAN QUARTERLY RESULTS

HUGHES TOOL

First quarter	1983 $	1982 $
Revenue	310.9m	494.5m
Net profits	1.36m	67.36m
Net per share	0.02	1.12

MORRISON-KNUDSEN

First quarter	1983 $	1982 $
Revenue	479.3m	542.7m
Net profits	7.05m	6.71m
Net per share	0.66	0.65

NATIONAL CAN

First quarter	1983 $	1982 $
Revenue	320.3m	339.8m
Net profits	1.28m	4.16m
Net per share	0.09	0.35

PANCANADIAN PETROLEUM

First quarter	1983 C$	1982 C$
Revenue	228.8m	184.5m
Net profits	86.2m	52.0m
Net per share	2.12	1.87

PENNZOIL

First quarter	1983 $	1982 $
Revenue	589.8m	587.2m
Net profits	41.29m	39.95
Net per share	0.78	0.76

PHILADELPHIA ELECTRIC

First quarter	1983 $	1982 $
Revenue	723.2m	757.1m
Net profits	103.98m	90.95m
Net per share	0.70	0.71

PRIME COMPUTER

First quarter	1983 $	1982 $
Revenue	120.5m	103.2m
Net profits	8.54m	10.84m
Net per share	0.27	0.35

RYAN HOMES

First quarter	1983 $	1982 $
Revenue	248.3m	135.0m
Net profits	2.54m	†2.94m
Net per share	0.36	†0.44

† Loss

STORAGE TECHNOLOGY

First quarter	1983 $	1982 $
Revenue	219.8m	262.4m
Net profits	1.15m	18.02m
Net per share	0.03	0.52

TYMSHARE

First quarter	1983 $	1982 $
Revenue	74.5m	85.2m
Net profits	2.99m	4.3m
Net per share	0.24	0.40

WHEELING-PITTSBURGH STEEL

First quarter	1983 $	1982 $
Revenue	172.7m	216.7m
Net profits	†23.88m	13.64m
Net per share	—	2.19

† Loss

WINN-DIXIE STORES

Third quarter	1982-83 $	1981-82 $
Revenue	1.69bn	1.59bn
Net profits	33.27m	28.63m
Net per share	1.32	1.16
Nine months		
Revenue	5.4bn	5.06bn
Net profits	89.31m	79.24m
Net per share	3.70	3.20

ZENITH RADIO

First quarter	1983 $	1982 $
Revenue	333.1m	319.2m
Net profits	8.9m	†2.4m
Net per share	0.47	†0.12

† Loss

European Options appear today on Page 28

LONDON TRADED OPTIONS

Option	Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Brit. Petroleum (*388)						
300	100	105	—	3	4	—
330	70	75	—	5	8	—
360	44	52	52	11	14	18
390	26	34	46	18	26	30
Cons. Goldfields (*544)						
390	157	—	—	2	—	—
420	137	—	—	3	—	—
460	97	112	—	3	11	—
500	65	77	85	12	25	32
550	38	47	60	22	45	55
600	11	27	—	57	—	—
Courtaulds (*98)						
70	27	28	—	1½	2	—
80	17	12	21	2½	3	4
90	9	11	14	3	7	9
100	4	7	2	13	14	15
Commercial Union (*142)						
120	35	38	—	1½	2	—
130	25	22	—	3	3	—
140	20	22	27	5	6	8
160	7	12	15	15	15	17½
G.E.C. (*345)						
180	78	84	—	2	3	—
200	58	64	—	5	7	—
220	40	45	52	7	14	18
240	25	32	32	15	22	24
260	14	—	—	24	—	—
Grand Met. (*344)						
280	71	—	—	2	—	—
300	51	57	—	4	6	—
330	28	35	42	8	15	16
360	15	20	26	23	25	28
390	5	10	—	42	31	—
I.C.I. (*472)						
300	180	—	—	—	—	—
330	150	—	—	2	—	—
360	120	125	—	3	3	—
390	90	100	—	4	7	—
420	66	74	84	5	14	15
460	36	48	50	30	24	30
Land Securities (*329)						
260	73	79	—	2	—	—
280	53	52	—	3	6	—
300	33	42	48	7	11	14
330	15	24	31	16	21	24
Marks & Spencer (*217)						
180	42	48	—	3	4	—
200	27	34	40	6	9	11
220	15	22	28	14	18	21
240	5	—	—	25	—	—
Shell Transport (*502)						
390	122	130	—	2	3	—
420	92	103	—	3	6	—
460	54	64	72	7	12	18
500	30	40	50	22	28	32
550	14	22	—	54	62	—
Barclays Bank (*486)						
360	135	143	—	1	2	—
390	103	113	—	2	2	—
420	75	83	27	2	5	10
460	35	45½	60	6	17	30
500	6	25	40	23	30	43

Option	Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Group (*106)						
90	19	—	—	1	—	—
100	10	—	—	1½	—	—
110	3	11	15	5	7	9
120	1½	6	8	13	15	17
130	1	3	4½	23	24	25
LASMO (*331)						
210	123	135	140	1	5	8
230	105	115	120	1	4	4
250	85	95	107	2	6	10
270	65	78	90	4	8	13
300	44	60	—	8	14	—
300	—	—	65	—	—	20
320	30	48	—	15	24	—
330	—	—	50	—	—	32
350	7	—	—	—	—	—
Lonrho (*96)						
80	18	18	21	1	3	5
90	8½	13	13	2	4½	6½
100	2¾	5½	7½	7	10	11
P. & O. (*156)						
100	58	58	—	0¼	1	—
110	48	48	—	0½	2	—
120	36	38	41	1	2	4
130	28	28	31	1½	5	5
140	18	21	24	2	5	18
160	6	12	20	11	20	24
Racal (*491)						
420	80	92	108	2	5	12
460	42	55	72	6	18	30
500	14	33	50	20	30	42
550	3	13	—	62	65	—
600	1	5	—	109	110	—
650	1	—	—	159	—	—
R.T.Z. (*587)						
390	202	—	—	0½	—	—
420	172	177	—	0¼	—	—
460	132	137	—	0½	4	—
500	92	100	117	2	8	17
550	43	65	80	8	20	30
600	15	35	60	30	42	52
Vaal Reefs (*$115)						
80	—	—	—	1	—	—
90	27	31	32½	1	2	4
100	17	22	23½	1	4	7½
110	9	17	19	3½	7½	11½
120	4½	12	14½	7½	12½	15½
130	1½	8	10½	13½	—	21
140	1¼	4½	7½	—	—	—

Option	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*416)						
360	62	70	82	4	5	8
390	40	57	62	10	17	22
420	21	40	50	23	30	35
Guest Keen (*167)						
140	32	38	38	3	3	8
160	13	22	27	8	11	15
180	5	12	15	20	23	27

Apr. 26 Total Contracts 8,755 Calls 8,340 Puts 415
* Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London WC2B 6NF. 01-404 0393
'Asset Builder' 64.2 67.6

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511
Money Mngr April 25
Flexible April 6
Fixed Interest April 1

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS 0392 52155

Invest. Tst. Fd. Cap.		—	+0.2	—
Invest. Tst. Fd. Acc.		—	+0.2	4.1
Property Fund Cap.		—		—
Property Fund Acc.		—		3.6
Flexible Fund Cap.		—	+0.9	—
Flexible Fund Acc.		—	+1.0	3.2
Fixed Int. Fd. Cap.		—	+0.1	—
Fixed Int. Fd. Acc.		—	+0.4	—
Gtd. Deposit Fd. Cap.		—		—
Gtd. Deposit Fd. Acc.		—		—
Equity Fund Cap.		—	+1.7	—
Equity Fund Acc.		—	+1.8	—
International Fd. Cap.		—	-1.3	—
International Fd. Acc.		—	-1.4	—
Capital Grth. Fd.		—	+2.1	—
Moneymaker Fund		—	+0.9	—
Exempt Inv. Tst. Cap.	106.7	—	+0.6	—
Exempt Inv. Tst. Acc.	107.9	—	+0.8	—
Exempt Inv. Tst. NS	101.9	—	+0.8	5.7
Exempt Ppty. Cap.	182.4	—	+0.1	—
Exempt Ppty. Acc.	185.4	—		—
Exempt Ppty. NS	184.9	—		2.1
Exempt Flex. Cap.	241.8	—	+1.4	—
Exempt Flex. Acc.	245.7	—	+1.5	—
Exempt Flex. NS	245.0	—	+1.4	3.1
Exempt Equity Cap.	112.0	—	+0.9	—
Exempt Equity Acc.	111.7	—	+0.9	—
Exempt Fxd. Int. Cap.	103.6	—	+0.5	—
Exempt Fxd. Int. Acc.	105.2	—	+0.4	—
Exempt Gtd. Dep. Cap.	101.7	—	+0.1	—
Exempt Gtd. Dep. Acc.	101.4	—	+0.1	—

*Addition to price where reduced mngmt. charges apply.

M & G Group
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606
Property Fund; Property Fund (A); Agricultural Fund; Agric. Fund (A); Abbey Nat. Fund; Abbey Nat. Fd. (A); Investment Fund; Investment Fund (A); Equity Fund; Equity Fund (A); Money Fund; Money Fund (A); Actuarial Fund; Gilt-edged Fund; Gilt-Edged Fd. (A); Retire Annuity; Immed. Ann'ty; International Fd 247.3

Property Gth. Pens. & Annuities Ltd
All Weather Ac. Uts. 240.9 253.5; Inv. Fd. Uts. 266.0; Pension Fd. Uts.; Conv. Pens. Fd.; Cnv. Pns. Cap. Ut.; Man. Pens. Fd.; Man. Pens. Cap. Ut.; Prop. Pens. Fd.; Prop. Pens. Cap. Uts.; Bldg. Soc. Pen. Ut.; Bldg. Soc. Cap. Ut.; Gilts Pens. Fd.; Gilts Pens. Fd. Cap.; Equity Pens. Fd.; Equity Pens. Fd. Cap.

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG 01-749 9111
Equity Acc.; Fixed Interest Acc.; Intnl. Acc.; Managed Acc.; Property Acc.; Money Acc.; Special Market Acc.; Japan Acc.; North America Acc.; Pacific Acc.; Technology Acc.; Nat. Resources Acc.
Individual Pension Funds: Equity Acc.; Fixed Interest Acc.

OFFSHORE AND OVERSEAS

NOTES

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for April 26.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

[illegible]

Nippon Credit Bank in $100m bond

BY MARY ANN SIEGHART IN LONDON

NIPPON CREDIT Bank is raising $100m on the Eurodollar bond market through a seven-year, 11 per cent bond priced at par – the eighth bank issue on closely similar terms in the last six weeks.

The issue, which is non-callable, is led by Salomon Brothers, together with Credit Suisse-First Boston and Nippon Credit International. Like most of the recent spate of bank issues, it involves an interest rate swap whereby NCB swaps its fixed rate liability to bond holders with a counterparty's floating rate liability. In the pre-market yesterday, it was trading at a 1¾ point discount, outside its 1¼ point selling concession.

Lloyds Bank International, with Credit Lyonnais and Orion Royal, will be launching a floating rate note today for the Bank of Communications, which is 97 per cent owned by the Government of Taiwan.

The 10-year, $40m bond will pay ¼ per cent more than the London interbank offered rate, with minimum coupon of 5¼ per cent. The life is retractable to seven years at the holder's option.

Tomorrow should see the launch of another Japanese convertible dollar bond – this time from Secom, the burglar alarm company. Led by Nomura International, the 15-year bond is expected to raise $50m with a 5½ per cent coupon at par. More Japanese companies are said to be waiting to launch convertibles in the Eurodollar market as investor demand for equity-linked issues grows.

Minorco, the Bermudan-based minerals and resources holding company, is calling its 9¼ per cent convertible 1997 bonds on May 28. Hambros Bank, the original lead manager of the issue, will be underwriting the call operation with the former co-managers.

The dollar secondary market was quiet yesterday, with investors awaiting the U.S. Treasury's refunding announcement today. Prices closed unchanged.

In West Germany, Malaysia is raising DM 100m through a seven-year, 8¼ per cent bond, priced at par and led by Deutsche Bank. It started trading at a discount of about 1¾ points.

Prices in the German secondary market eased slightly yesterday on nervousness in the New York bond market about U.S. Treasury refunding.

The World Bank launched a SwFr 100m 10-year bond on the Swiss market yesterday, with an indicated yield of 5¾ per cent. The issue is led by Credit Suisse.

The Swiss secondary market closed unchanged on a day of moderate turnover.

Regan blocks Eurobond move

BY OUR EUROMARKETS STAFF

MR DONALD REGAN, the U.S. Treasury Secretary, has refused the Federal National Mortgage Association (FNMA) permission to borrow in the Eurobond market through its Netherlands Antilles subsidiary.

Mr Regan claimed, in a letter to Mr David Maxwell, the FNMA's chairman, that a Eurobond issue from the Association would have "an adverse effect" on current negotiations on the tax treaty between the U.S. and the Netherlands Antilles.

The FNMA is the sixth largest corporation in the U.S. and is America's largest supplier of home mortgages.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$425	3	19	37	39	8	55	$436
GOLD C	$450	25	8.50	10	25	9	33	"
GOLD C	$475	3	2.50 B	8	13	5	26	"
GOLD C	$500	—	—	1	9	22	20	"
GOLD C	$550	—	—	—	—	20	12	"
GOLD P	$400	33	1.50	—	—	35	10.50	"
GOLD P	$425	162	5.50	22	15	10	16	"
GOLD P	$450	3	17	—	—	—	—	"
GOLD P	$475	—	—	20	44	—	—	"
		June		Sept.		Dec.		
SILV C	$10	—	—	—	—	1	4.10	$12.15
SILV C	$11	—	—	—	—	5	3.10	"
SILV C	$12	61	1.25	7	1.85	1	2.50	"
SILV C	$15	—	—	14	1.10	—	—	"
SILV P	$10	2	0.40	6	0.50	—	—	"
SILV P	$11	3	0.70	1	1 A	—	—	"
SILV P	$12	—	—	5	1.40	—	—	"
		July		Oct.		Jan.		
AKZO C	F.45	1	12	25	13	—	—	F.56.70
AKZO C	F.50	1	8	36	6.50	—	—	"
AKZO C	F.55	84	3	109	7	—	—	"
AKZO C	F.60	117	3.30	128	5.20	—	—	"
AKZO C	F.65	322	6	63	3.70	—	—	"
AKZO P	F.40	10	0.70	1	1.20	—	—	"
AKZO P	F.45	2	0.70	—	—	—	—	"
AKZO P	F.50	40	2.30	1	3.40	—	—	"
AKZO P	F.55	29	4.40	2	5.90	—	—	"
KLM C	F.100	3	47	—	—	—	—	F.147.50
KLM C	F.120	5	28	—	—	—	—	"
KLM C	F.140	1	13	—	—	—	—	"
KLM C	F.150	184	8.90 A	—	—	—	—	"
KLM C	F.160	80	3	2	10.60	—	—	"
KLM C	F.170	38	2.90	2	3.80	—	—	"
KLM P	F.120	3	6.30	—	—	—	—	"
KLM P	F.130	3	4	—	—	—	—	"
KLM P	F.140	10	3.80 A	—	—	—	—	"
KLM P	F.150	6	11.20	1	17	—	—	"
KLM P	F.150	23	17.30	1	23	—	—	"
PHIL C	F.27.50	1	19	2	19	—	—	F.46.10
PHIL C	F.30	33	13.50	5	15.50	—	—	"
PHIL C	F.32.50	22	14	430	13.80	—	—	"
PHIL C	F.35	73	11.10	13	11.80	—	—	"
PHIL C	F.40	250	3.90	90	6	—	—	"
PHIL C	F.45	528	3.80	161	5	19	6.70	"
PHIL C	F.50	413	6.90	803	3.50	35	4.90	"
PHIL P	F.40	114	1.20	10	2.20	—	—	"
PHIL P	F.45	144	2.80	10	4	3	4.50	"
PHIL P	F.50	7	3.20	4	6.70 B	5	7	"
RD C	F.90	265	24.50 A	—	—	—	—	F.114
RD C	F.100	47	14.70	7	15.80	—	—	"
RD C	F.110	101	7.40	40	8.50	10	10	"
RD C	F.120	230	2.80	135	4.70	37	3.50	"
RD P	F.90	—	—	8	1.30	—	—	"
RD P	F.100	34	1.10	29	3	—	—	"
RD P	F.110	135	4.20	41	7.50	2	8	"
RD P	F.120	150	10.50	—	—	12	15.50	"
UNIL C	F.200	3	18.50	2	22	—	—	F.215.80
UNIL C	F.220	13	7.40	13	11.20	—	—	"
UNIL C	F.240	5	2.90 B	—	—	—	—	"
UNIL P	F.190	14	2.40	1	3.90	—	—	"
UNIL P	F.200	9	4.50	1	6.50	—	—	"
UNIL P	F.220	4	13.30 B	—	—	—	—	"
		May		Aug.		Nov.		
12¾ NL 81 87-91								
C	F.127.50	50	2	—	—	—	—	F.129.30
C	F.130	—	—	—	—	51	2.10	"
C	F.135	—	—	—	—	20	1	"
P	F.125	—	—	400	0.70	—	—	"
P	F.127.50	80	0.70	50	3	—	—	"
P	F.130	410	1.70	105	3	406	—	"
P	F.135	50	3.50 B	—	—	—	4.20	"
11¼ NL 82 88-92								
C	F.110	50	3.40	—	—	—	—	F.113.70
P	F.112.50	110	1.60	—	—	—	—	"
P	F.115	—	—	140	1	10	1.60	"
P	F.115	110	2.20	20	3	—	—	"
10 NL 82—86-89								
P	F.107.50	—	—	—	—	100	2.10	F.108.40

TOTAL VOLUME IN CONTRACTS 6,650

A=Asked B=Bid C=Call P=Put

EQUITIES

Issue price	Amount paid up	Latest renunc. date	1983 High	1983 Low	Stock	Closing price	+ or –	Div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price	Amount paid up	Latest renunc. date	1983 High	1983 Low	Stock	Closing price	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest renunc. date	1983 High	1983 Low	Stock	Closing price	+ or –
[illegible]							

[illegible] based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Re-introduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday April 27 1983

Grain exporters to seek smaller surpluses, Page 33

WALL STREET

Faint hearts have fears dispelled

YESTERDAY brought one of the most successful trading sessions on Wall Street for many weeks, and after a remarkable turn around from early weakness shares closed at new peaks, with the Dow Jones Industrial average comfortably over the 1200 barrier, *writes Terry Byland in New York.*

The trigger for the upturn was pulled by Standard Oil of California, whose shares jumped $2¼ to $38¾ after the announcement of sharply increased profits for the opening quarter, against the trend of the industry.

But yesterday's strength also demonstrated the underlying confidence brought to the equity market by lower interest rates and the recovery in U.S. industry.

The Dow Jones Index, down to 1181.02 at one time, climbed strongly in the final hour of trading to close 22.25 up at 1209.46. Turnover of 97.3m shares was good but not exceptional by recent standards.

The flow of corporate results continued, with the market unchastened by losses in the airline, steel and machine tool industries.

The loss reported by U.S. Steel, the nation's biggest steel maker, was in line with expectations and the shares added $⅛ to $23⅞.

In oils, Socal's results were balanced by a setback in Phillips Petroleum, whose shares nonetheless advanced $¼ to $33⅛.

The computer sector rallied well from weakness in the previous session, the exception being Digital Equipment, number two in the industry, which fell a further $4⅞ to $113⅜. IBM, at $114⅛ initially, advanced later to $115, a net rise of ½ point.

Motor issues remain active, but proved unable to hold their best levels. General Motors shed $¼ to $64¼, after touching $65 and Ford, trading at $48¼, were finally unchanged. Crysler gained ½ point to $24¾, but further consideration of the results left American Motors $⅛ off at $8.

Lockheed, the defence and aerospace group, was suspended at $120¼ pending a company announcement regarding its Georgia plant.

Fast food shares were active following good results from McDonalds, the industry leader, whose shares slipped ½ point to $22⅞, and Wendy's trading $⅛ up at $17⅞. But food manufacturers had Nabisco brands $¼ off at $35⅛ and Quaker Oats $¼ down at $48⅛.

Higher third quarter profits from Procter and Gamble, the leading soap powder manufacturer, brought a fall of $½ to $61⅛ in the shares after profit taking.

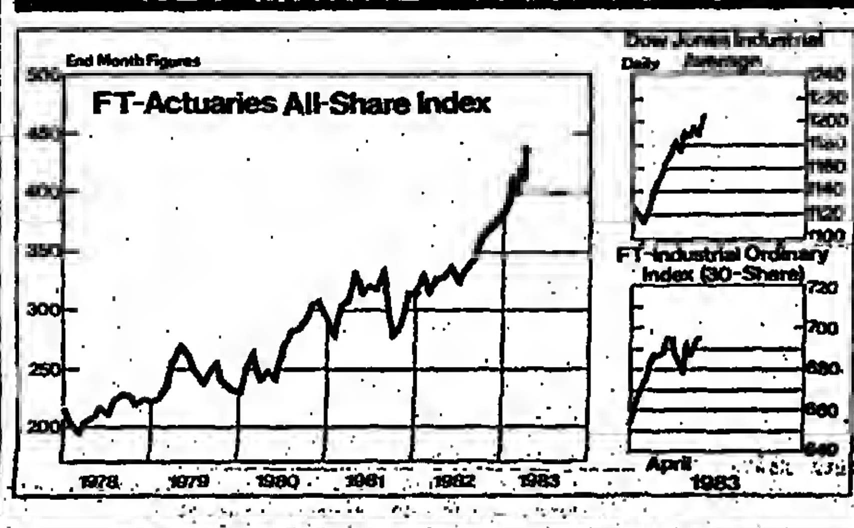
Busy features elsewhere included Pitney Bowes $¼ down at $62¼ on lower results, Cummins Engine $⅛ off at $54½ after disclosing a first quarter loss, and Cincinnati Milacron, the toolmaker, steady at $31¼, despite a turn from profit into loss.

Johnson & Johnson, the pharmaceutical group, came under pressure again, falling $⅜ to $⅛, as it faced a House subcommittee. Warner Lambert fell $½ to $32¾ on profit-taking after the news of higher profits.

In credit markets, which remained uneasy ahead of the expected announcement today of $14.5bn Treasury funding, Treasury bill yields were little changed after adjusting to slightly lower rates at Monday's bill auction. At the longer end of the bond market, where next month's federal funding weight will fall, the benchmark 10⅜ per cent 2012 bond edged up by ⅛ to 98²⁷⁄₃₂.

A broad-based decline in Toronto prices was led by gold mines and oil and gas issues. Paper manufacturers were the one bright spot in Montreal.

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 26	Previous	Year ago
NEW YORK			
DJ Industrials	1209.46	1187.21	865.58
DJ Transport	523.98	518.82	351.48
DJ Utilities	126.43	126.02	115.00
S&P Composite	159.37*	160.26	119.26
LONDON			
FT Ind Ord	695.2	693.3	570.2
FT-A All-share	439.54	439.18	327.88
FT-A 500	478.27	477.78	355.63
FT-A Ind	442.03	440.89	320.77
FT Gold mines	644.3	655.1	255.2
FT Govt secs	81.71	81.60	67.72
TOKYO			
Nikkei-Dow	8607.47	8596.09	7404.21
Tokyo SE	624.42	623.22	545.95
AUSTRALIA			
All Ord.	603.0	597.3	498.9
Metals & Mins.	545.6	547.0	368.1
AUSTRIA			
Credit Aktien	56.01	55.25	54.42
BELGIUM			
Belgian SE	122.15	121.47	99.04
CANADA			
Toronto Composite	2301.3*	2315.3	1586.0
Montreal Industrials	393.47*	394.82	288.5
Combined	386.14*	387.76	271.28
DENMARK			
Copenhagen SE	137.46	138.36	94.16
FRANCE			
CAC Gen	117.8	119.5	108.5
Ind. Tendance	122.2	124.4	119.8
WEST GERMANY			
FAZ-Aktien	318.09	319.59	238.06
Commerzbank	952.1	957.1	725.4
HONG KONG			
Hang Seng	1028.29	1041.07	1279.27
ITALY			
Banca Comm.	190.98	190.27	191.12
NETHERLANDS			
ANP-CBS Gen	125.5	125.9	94.2
ANP-CBS Ind	104.7	105.2	73.9
NORWAY			
Oslo SE	182.52	178.25	107.51
SINGAPORE			
Straits Times	932.75	927.89	765.09
SOUTH AFRICA			
Golds	918.9	928.4	446.1
Industrials	927.3	938.3	590.0
SPAIN			
Madrid SE	109.38	110.9	123.34
SWEDEN			
J & P	1390.27	1384.12	567.78
SWITZERLAND			
Swiss Bank Corp	322.0	321.10	258.4
WORLD	Apr 25	Prev	Yr ago
Capital Int'l	174.1	174.5	135.0

GOLD (per ounce)

	April 26	Prev
London	$438.00	$440.00
Frankfurt	$435.75	$441.50
Zürich	$435.50	$442.50
Paris (fixing)	$435.80	$442.05
New York (April)	$438.80	$436.90

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR April 26	U.S. DOLLAR Previous	STERLING April 26	STERLING Previous
£	1.5730	1.5680	–	–
DM	2.4505	2.4440	3.8575	3.83
Yen	237.50	236.15	373.50	370
FFr	7.3475	7.3275	11.5550	11.47
SwFr	2.0560	2.0550	3.2375	3.22
Guilder	2.7635	2.7540	4.35	4.3150
Lira	1458.5	1453.50	2294	2275.5
BFr	48.86	48.68	76.85	75.90
C$	1.22825	1.22625	1.9310	1.9200

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
June	77–30	77–30	77–12	77–20
U.S. Treasury Bills (IMM)				
$1m points of 100%				
June	91.86	91.87	91.78	91.82
Cert Deposit (IMM)				
$1m points of 100%				
June	91.30	91.31	91.21	91.23
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	90.95	90.97	90.93	90.97
20-year Notional Gilt				
£50,000 32nds of 100%				
June	105–15	105–23	105–12	105–08

INTEREST RATES

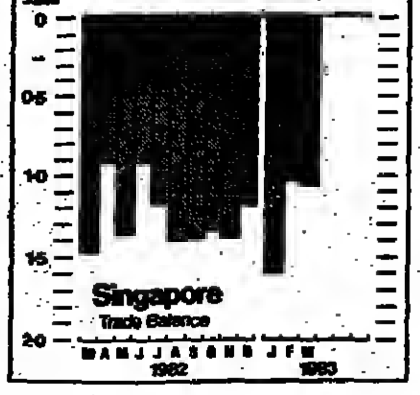
Euro-currencies (three month offered rate)	April 26	Prev
£	10¼	10⁷⁄₁₆
SwFr	5⅛	4¹⁵⁄₁₆
DM	4⅞	4⅞
FFr	12⅛	12½
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅛	9³⁄₁₆
6-month U.S.$	9¼	9⁵⁄₁₆
U.S. Fed Funds	8⅛	8⅝
U.S. 3-month CDs	8.70	8.65
U.S. 3-month T-bills	8.14	8.15

U.S. Treasury Bonds

	April 26 Price	April 26 Yield	Prev Price	Prev Yield
9¾ 1985	99²⁴⁄₃₂	9.61	99²⁴⁄₃₂	9.61
10⅜ 1990	100²⁴⁄₃₂	10.33	100²⁴⁄₃₂	10.33
10⅞ 1993	102²⁴⁄₃₂	10.43	102²⁴⁄₃₂	10.43
10⅜ 2012	98¹⁹⁄₃₂	10.53	98¹⁹⁄₃₂	10.53

LONDON COMMODITY MARKETS

	April 26	Prev
Silver (spot fixing)	776.70p	785.90p
Copper (cash)	£1102.50	£1107.50
Coffee (May)	£1845.00	£1841.00
Oil (spot Arabian light)	$28.85	$28.80



LONDON

Firm pound sweeps away early caution

DISAPPOINTMENT at Wall Street's overnight retreat imparted initial caution to London stock markets yesterday. Dealers marked leading shares down across the board, but instead of the expected nervous profit-taking, there was renewed, if selective, investment support and values began to recover soon after the opening.

Sterling's continued firmness to a 1983 trade-weighted high was a consoling influence, and hopes began to rise that New York's dullness could prove to be a temporary setback ahead of today's expected announcement of Treasury financing and future Federal Reserve funding.

The rally in equities gathered momentum following the BL vote for a return to work and advance reports of a CBI survey of UK industrial trends which showed the sharpest improvement in business confidence for some years.

By noon, the FT Industrial Ordinary share index had regained an opening loss of about four points to stand marginally higher. Surprisingly good trading statements from top-line construction issues such as Tarmac and Travis and Arnold gave added encouragement to prospective equity investors before Wall Street's resumed dullness early yesterday dampened spirits again. After showing a rise of 2.7 at 3 pm, the index again slipped back below its record closing high of 695.5 and finished 1.9 up at 695.2.

Government stocks extended Monday's upturn in busy trading particularly among shorter maturities. The perky exchange rate was again the chief lure, and to satisfy demand the authorities sold supplies of the £25-paid tap stock, medium-dated Treasury 10½ per cent 1989, at 25¼ before withdrawing.

Mail order groups came on offer after the official close on the announcement that Sears is not to proceed with its plan to create a third force in the sector behind Great Universal and Littlewoods through a bid for Grattan and Empire. Sears rallied 6p to 94p on the news,

ICI edged forward on fresh buying ahead of tomorrow's first-quarter figures to close 4p dearer on balance at the day's best level of 472p.

Meanwhile, the continued failure of the bullion price to make any substantial upward progress led to a further bout of selling in South African golds. Financials were similarly depressed.

AUSTRALIA

Foreign dealing

FOREIGN demand for oil, gas and industrial shares sent prices higher in active trading when the Sydney and Melbourne markets opened after the three day holiday weekend.

The All Ordinaries index closed 5.7 up at 603 – its highest level since December 1981. Resource shares were off their best levels after the backlog of foreign orders had been satisfied and some late selling emerged, particularly among gold miners.

SOUTH AFRICA

Golds down

AN easier bullion price left gold shares marked down in Johannesburg, though they were above the day's lows. Among the heavyweights, Randfontein ended R2 lower at R181 and the medium-priced Blyvoor was 40 cents down at R18.10.

Mining financials were generally steady at lower opening levels, though Amgold continued to decline.

Industrials finished mixed with an easier bias, reversing their recent upward trend.

FAR EAST

Advance is resumed in Tokyo

WIDESPREAD buying of low priced domestic issues and speculative shares pushed prices higher again in Tokyo after Monday's late retreat. The Nikkei Dow industrial index closed 11.38 ahead at a record 8607.47 while the Tokyo SE index added 1.20 to end at an all-time high of 624.42. Trading was fairly active with a volume of 570m shares.

Issues related to public spending continued to advance, as did chemicals, foods, electronic power companies and oils. Concern over possible liquidation of large margin buying positions, however, left some blue chips easier.

Shipping issues fell back on profit-taking after their sharp rises on Monday. The second market was sharply ahead in active trading, with the index gaining 7.31 to a record 1,018.42 on the shift from blue chips.

Sony lost Y60 to Y3,410 as it went ex-dividend, while Hitachi Zosen fell back Y9 to Y173 and Fuji Photo Y20 to Y1,750. Toyo Kogyo declined Y6 to Y410 and Isuzu Motors Y4 to Y338, both ex-dividend.

The firmer tone was also reflected in Singapore and Taiwan.

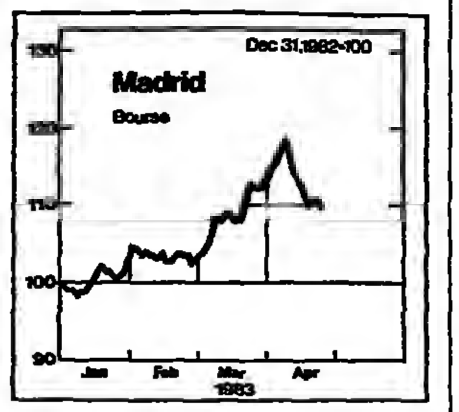
In Singapore, buying centered on large industrial concerns and properties, though some profit-taking set in after a steady opening in active selective trading. The Straits Times index rose 5.06 to 932.

Meanwhile, in Taipei, prices continued to rise and the weighted stock index advanced 14.69 to a record 737.25. The bullish sentiment was aided by a recent Economics Ministry statement that most stocks were still undervalued.

The stock index has gained almost 300 points in the past three months and market capitalisation has risen by around 70 per cent. Most blue chip issues have gained more than 80 per cent in value, with some rising more than 100 per cent.

Against the firmer trend, shares closed unchanged to slightly lower in Hong Kong after Monday's advance. The Hang Seng index down 12.78 at 1,028.29. The decline was attributed to the weakness of the Hong Kong dollar against the U.S. unit, though some fresh buying was detected during the afternoon when the local currency improved.

Among properties, Cheung Kong was unchanged at HK$9.90, ex-dividend, while Hongkong Land lost 8 cents to HK$4.37. Hutchinson Whampoa fell back 30 cents ot HK$14 and Swire Pacific "A" declined 10 cents to HK$13.70. Jardine Matheson held steady at HK$14.50, as did Hongkong Electric at HK$5.95.



EUROPE

Profit-takers bring a downturn

A WAVE of profit-taking in the wake of Wall Street's overnight downturn took its toll in many European bourses.

In Frankfurt, there were declines in many sectors, though the underlying trend is still seen to be bullish. Banks, which gained strongly in Monday's advance, fell victim to profit-takers. Commerzbank shed DM 1.10 to DM 175.40 and Dresdner eased DM 1.50 to DM 194.50. Bayernverein fell DM 11 to DM 366 while Deutsche declined DM 5 to DM 346.50.

Precious metals refiner, Degussa declined DM 9 to DM 315, ex-dividend while in other metals, Preussag shed DM 4 to DM 267 and Metallgesellschaft DM 2 to DM 248.

However, electricals went against the trend with AEG DM 2.60 ahead at DM 62.30 and Siemens firming DM 3.30 at DM 346.50.

The Commerzbank index, calculated at midsession, slipped back five points from Monday's 22-year high to 952.10.

Bond prices eased in dull official trading following Monday's credit market weakness in the U.S.

In Paris, shares were marked sharply lower in quiet trading, with sentiment depressed by Michelin's consolidated net loss of FFr 4bn for 1982. Michelin closed down FFr 68 at FFr 732, though this was sligthtly above the opening FFr 730.

In Amsterdam, prices were also lower on the day though a late rally helped them off opening lows. In Dutch internationals, Unilever was Fl 1.8 lower at Fl 215.8 and Royal Dutch lost Fl 1.40 to Fl 114.

Sharp declines were recorded in Madrid where the general index ended down 1.52 at 109.38. Banks lost 1.07 per cent overall, while electricals were 2.47 per cent lower and chemicals declined 4.53 per cent. Dealers reported that there seemed to be no support for shares at their present prices.

Elsewhere in Europe, a firmer tone prevailed. In Brussels, domestic shares were slightly higher after an active session though foreign issues were lower. The Brussels stock index was up 0.68 at 122.15.

The rally was led by holding company stocks with Bruxelles Lambert gaining BFr 40 at BFr 1,845, Cobepa up BFr 110 at BFr 1,915, Société Général BFr 20 ahead at BFr 1,655 and Sofina BFr 130 higher at BFr 4860.

Domestic share prices were also slightly higher in Zurich with Wall Street's downturn, the stronger dollar and the recent firmness in Swiss short-term interest rates going largely unnoticed.

In industrials, Georg Fischer reacted little to Monday's announcement that it will omit a dividend for the second consecutive year.

Selective gains were also seen when Milan opened after a three day holiday weekend. Assicurazioni Generali and other insurances firmed

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
12½	5½	AAR	.44	3.8	19	130	12⅜	12⅛	12⅛	
38	27½	ACF	2.76	8.0	9	366	35	34¼	34⅝	+ ⅛
20	12¼	AMF	1.36	8.8	29	13892	17⅛	14⅜	15½	−1⅞
29¼	13¼	AMR Cp				2212	28	27⅜	27⅞	+ ⅝
15⅜	4	AMR	wt			484	14⅞	13½	14⅛	+ ⅛
18¼	12⅞	AMR	pf2.18	12.		35	18	17⅝	17⅞	− ⅛
34⅞	24⅞	AMR	pf2.12	6.6		680	32¾	31⅜	32¼	+ 1
6⅞	2½	APL				66	6½	6⅛	6½	+ ¼
47⅞	25¼	ARA	2.00	4.4	14	926	47⅛	45¾	45⅞	
79⅞	24½	ASA	3a	4.2		590	71½	68	71⅝	+ 1⅛
28⅞	13⅞	AVX	.32	1.2	44	163	27¼	27	27⅜	+ ⅛
46⅜	27⅞	AbtLab	1	2.1	19	977	u47⅞	45⅝	47⅛	+ ⅜
29¼	26½	AccoW	s.12e	.4	22	72	29	28½	29	+ ½
22½	15⅞	AcmeC	.40	2.9	23	34	20½	20¼	20⅛	− ⅛
12⅞	5¼	AcmeE	.32b	2.8	40	236	u12½	12	12½	+ ¼
18⅞	4¼	AdmDg	.04	.2	18	186	18¾	17¼	18⅛	+ ⅜
17⅞	12½	AdaEx	1.73e	10.		118	16¾	16⅜	16⅜	+ ⅛
12⅞	4⅞	AdmMl	.20e	1.7	11	132	11⅝	11⅛	11½	
25⅞	12⅞	Advest	s.18	.9	14	252	u26½	24¾	25½	+ 1½
39¼	13	AMD	s		46	1638	37⅞	35½	37⅝	+ 2⅛
44⅞	32⅞	AetnLf	2.64	6.5	9	1623	40⅝	39½	40⅞	+ 1⅛
65	52⅞	AetL	pf3.70e	6.3		100	58⅝	58⅛	58⅝	− ⅝
39⅞	8	Ahmns	.60	1.6		2978	38	37	38	
4	2⅞	Aileen				99	3⅞	3⅞	3⅞	
49⅞	29⅞	AirPrd	.60	1.8	18	312	41⅞	40⅞	41⅞	+ ½
24¼	8⅞	AirbFrt	.60	2.7	29	233	22½	21½	22⅛	
3	2	AiMoa	n		5	79	3	2⅞	3	+ ⅛
32	24⅞	AlaP	pf4.92	12.		11	31¾	31⅜	31¾	+ ⅛

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O-O-O

P-Q

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	4	Valeyin				95	5¾	5½	5½	-⅛
21¾	12	VanDrn	1.12	5.0	16	73	20¼	19½	20¼	+¾
11	4⅞	Verco				57	6¼	6	6	
47	16½	Varian	s.26	.6	24	1670	43	41	42	-1¼
13½	6⅞	Varo	.40	3.2		65	12½	12¼	12⅛	-⅛
28⅞	9⅞	Veeco	.20	.7	33	682	28⅝	27	28½	+⅞
16	3⅝	Vendo			25	212	12¼	11⅛	12¼	+1
11¼	6⅝	VestSe	1.24	12		92	10⅝	10½	10⅛	-⅛
35⅞	17¼	Viacom	.20	.6	16	217	34¼	33⅞	33½	+⅛
44¼	25¼	Vicm	pf2.10	4.9		25	43	42⅞	43	+1¼
15⅞	12	VaEPw	1.60	10	8	5564	15½	15¼	15¼	-¼
64	48	VaEP	pf7.72	12		z760	64	62¼	62¼	-1¼

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

JAPAN

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

SWITZERLAND

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

ACTIVE STOCKS

Stock	Closing price	Day's change
Ashton Mining	95	+ 5
Flight Refuelling	310	+ 6
GEC	244	− 4
ICI	472	+ 4
London & Liverpool	310	−32
Marks & Spencer	214	+ 4
Rugby Portland Cem.	105	+ 4
Sears	94	+ 6
TI	176	+ 2
Tarmac	444	+ 2
Tate & Lyle	334	+10
Travis & Arnold	352	+24

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Spring Ram	33	135	
Lon. & Liv.	24	342	−18
Glaxo	18	880	− 8
ICI	16	468	+ 8
BICC	15	245	+12
GEC	15	248	+10
Arlen Elec.	14	365	−12
Combined Tech.	13	52	− 5
Exco	13	716	+38
Metal Box	13	210	+15
Aquascutum 'A'	12	41xd	+ 6½
BAT Inds.	12	658	+18
Hyman (I. & J.)	12	22	− 1
Polly Peck	12	£18	− 1½

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (127)

BRITISH FUNDS (5)
INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
CORPORATION LOANS (1)
FOREIGN BONDS (1)
AMERICANS (1)
BANKS (5)
BREWERS (1)
BUILDINGS (5)
CHEMICALS (2)
DRAPERY & STORES (2)
ELECTRICALS (12)
ENGINEERING (9)
FOODS (3)
HOTELS (2)
INDUSTRIALS (25)

NEW LOWS (15)

STORES (2)
Grattan — Upton (E.) A
ELECTRICALS (2)
Druck Hldgs. — Fujitsu
FOODS (1)
Northern Foods
INDUSTRIALS (4)
Combined Tech. — London & Liverpool
Nill (Ch.) — Schlumberger
SHIPPING (1)
Fisher (J.)
TEXTILES (1)
Sirdar
TRUSTS (1)
Drayton Far East. Wts.
OIL & GAS (2)
Silkolene — Sceptre Res.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr 18	Apr 29	July 14	July 25
May 3	May 13	July 28	Aug 8
May 16	May 27	Aug 11	Aug 22

For rate indications see end of Share Information Service

Stocks favoured for the call included London and Liverpool, ICL, Nell and Spencer, Inter-City, Polly Peck, Eastern Petroleum, Whittington Estates, LRC, London Merchant Securities, Turner and Newall, George Wimpey and Double Eagle. No puts were reported, but doubles were arranged in Transparent Paper and Sound Diffusion.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

FIXED INTEREST

PRICE INDICES		Tues April 26	Day's change %	Mon April 25
	British Government			
1	5 years	117.26	+0.11	117.13
2	5-15 years	129.95	+0.18	129.71
3	Over 15 years	139.57	+0.24	139.23
4	Irredeemables	146.32	—	146.32
5	All Stocks	128.74	+0.18	128.51
6	Debentures and Loans	105.64	+0.09	105.55
7	Preference	80.26	—	80.26

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	64	8	26
Corpns. Dom. and Foreign Bonds	19	2	57
Industrials	295	252	791
Financial and Prop.	97	100	322
Oils	21	30	80
Plantations	5	1	16
Mines	15	76	62
Others	28	92	65
Totals	544	561	1,399

FINANCIAL TIMES STOCK INDICES

	April 55	April 25	April 22	April 21	April 20	April 12	year ago
Government Secs.	81.71	81.60	81.24	81.60	81.64	81.68	67.72
Fixed Interest	83.72	83.72	83.97	84.04	84.03	84.18	67.93
Industrial Ord.	695.2	693.6	688.0	692.0	678.2	685.2	570.2
Gold Mines	644.3	665.1	643.9	649.2	626.1	648.8	255.2
Ord. Div. Yield	4.49	4.51	4.54	4.52	4.60	4.66	5.50
Earnings, Yld.% (full)	9.15	9.20	8.26	2.20	8.36	9.26	10.98
P/E Ratio (net) (*)	13.22	13.17	13.06	13.18	12.98	13.19	11.61
Total bargains	22,509	23,300	25,702	23,858	23,500	24,663	15,926
Equity turnover £m.	—	912.03	272.80	302.11	320.47	567.91	133.5
Equity bargains	—	26,787	25,175	22,875	21,268	25,622	15,389
Shares traded (mil)	—	130.2	173.9	188.7	205.4	211.5	86.5

10 am 689.2. 11 am 692.0. Noon 694.0. 1 pm 695.2.
2 pm 695.0. 3 pm 696.0.

Basie 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.37.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.56 (3/1/75)
Ind. Ord.	695.5 (15/4)	598.4 (12/1)	695.5 (15/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (28/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 25	April 22
—Daily		
Gilt Edged Bargains	159.6	143.8
Equities Bargains	187.1	163.1
Equities Value	428.6	661.4
5-day Avrge		
Gilt-Edged Bargains	155.8	160.6
Equities Bargains	158.4	155.8
Equities Value	596.4	615.3

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO Composite

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

R—R—R

S—S—S

T—T—T

U—U—U

V—V—V

W—W—W

X—Y—Z

NEW YORK CLOSING PRICES

Continued from Page 31

W—W—W

X—Y—Z

Zinc values rise on U.S. prices move

By Our Commodities Editor

ZINC VALUES rose on the London Metal Exchange yesterday following news that U.S. producers were raising their domestic selling prices by two cents to 40 cents a lb.

This prompted speculation that the Europen zinc producer quotation may be raised from its present level of $750 a tonne, since traditionally there is a link between prices on both sides of the Atlantic. If they get out of line, supplies of zinc metal and concentrates tend to flow to the higher price market.

Other London base metal markets were generally easier, subdued by the firm trend in sterling. However, the copper market rallied strongly after opening on an easier note. The three months quotation was up to £1,139 in late after-hours trading after dipping to £1,127 in the morning.

Reuter reports from La Paz: The Bolivian Miners Federation said it voted to retain control of state-owned tin mines occupied by workers last week.

The decision came in spite of an appeal by President Hernan Siles Zuazo for miners to leave the offices of the state mining concern, *Comibol*.

Grain exporting countries seek compromise

BY NANCY DUNNE IN WASHINGTON

OFFICIALS from the major grain exporting countries will once again wrestle with the *problems of massive grain surpluses*, shrinking demand and agriculture export subsidies at talks today and tomorrow in Natchez, Mississippi.

"There may be some sparks flying," Mr John Block, U.S. Secretary of Agriculture, told reporters as he headed towards the meeting.

The last meeting of grain exporters in Ottawa last year ended without any major agreement as the U.S. sought to convince its competitors to reduce production.

This year, the U.S. will have some support from the Canadians whose wheat board has recommended that farmers reduce plantings by between 5 per cent and 20 per cent.

The talks begin on the heels of an offer by President Reagan to negotiate a new long term *sales* agreement with the Soviet Union. The chief beneficiaries of the President's past refusal to negotiate a new pact have been Canada and Argentina.

They have increased sales to the Soviets, and thus, in the U.S. view, have rendered the President's sanction against a new long-term grain deal impotent.

In a major policy shift, the EEC is expected to propose that all countries *stock more grain*. EEC officials have already offered a European grain stockpile as a bargaining point in the U.S.-EEC export *subsidy dispute*.

Canada, Australia and Argentina are all expected to add their weight *to the U.S. complaints* against farm subsidies. The three are also displeased with the U.S. blended credit and *Government guaranteed loan* programmes.

The U.S. will defend its policies on the grounds that it alone reduced production this year by *spending millions on its* payment-in-kind programme.

U.S. officials are hoping that now that all exporters are *dividing* shares in a shrinking trade pie that some agreement can be reached to reduce the expensive competition between them.

Protest over Government forestry plan

By Our Commodities Staff

TRADE UNION leaders representing Forestry Commision workers protested to MPs yesterday about government moves to "disintegrate" the commission.

Original demands for the commission to sell £40m worth of forests over three years had been expanded to £82m over five years, a delegation for the trade union side of the Forestry Commission Whitley Council told MPs of all parties.

"If the Government continues to demand £20m or so every year then the Forestry Commission cannot remain viable for long," they warned.

"This is not rationalisation; it is disintegration," they added.

The commission's selling had depressed prices, the unions claimed and much of its original offering remained unsold. This, coupled with the doubling of the financial target, meant it was being forced to *offer more and larger forests* for sale and to eat into the "heartlands" of management units.

"Once these go the remainder becomes more difficult and less economic to manage," a union delegation statement said. The Government's policy was threatening jobs, rural amenities, conservation and research.

"The Government *does* not really want to rationalise the Forestry Commission," the union statement concluded. "It *is only interested in the tiny* amount of revenue which can be gained by continuing to sell it off piecemeal, with the *proceeds going straight* into the coffers of the Treasury."

● INDIA hopes to produce 142m tonnes of foodgrains in the 1983-84 crop year (July/June), an Agricultural Ministry official said. Last season's output is likely to be 128m tonnes because of drought and floods.

● THE NEW YORK Cotton Exchange became the tenth commodity futures exchange to join the National Futures Association, the first industry-wide self-regulatory association.

● AUSTRALIA'S 1983-84 barley crop will produce 3.62m tonnes, according to the Wheat Forecasters PTY company. This compares with last season's drought-hit 1.76m tonnes and the 1981-82 output of 3.51m tonnes.

AUSTRALIAN DRIED FRUIT

Putting a price on sultanas

BY A SPECIAL CORRESPONDENT

AUSTRALIA'S dried fruit industry *has adopted changes* aimed at winning more orders for the sale of this year's sultanas to the UK.

The industry is currently facing a stiffening of competition and EEC trade barriers in a market that is slowly shrinking.

The most interesting of the policy changes is uniform pricing. It has been customary for prices to be different for the various grades of sultanas. Last year, for example, the range over three grades was from A$1,130 to A$1,225 a tonne. The rates just announced for next year are a standard $1,220 a tonne for all sultanas, whether they are three, four or five-crown.

Producers are confident in spite of formidable obstacles to penetrating European markets

A *factor* in the adoption of this formula has been the EEC Commission's provision, at Greece's bebest, of a minimum import price of around U.S.$1,000, below which any fruit entering the Community incurs a levy of $150 a tonne.

The provision is a further burden on the Australian exporters, already *penalised* by the Common External Tariff *which Greece escaped when* it joined the EEC.

Australian dried fruit prices are set according to several factors. *These include variables* that could, if the quality differentials remained and the industry was to sell its quotas, *take the price of lower-grade* fruit below the EEC's minimum, thereby involving buyers in the $150 a tonne penalty.

The flat rate of $1,220 preserves the premium of about £50 a tonne that has traditionally prevailed for Australian sultanas over Greek and Turkish and is virtually the same as last year's average in nominal terms. However, exchange-rate fluctuations have lately made comparisons between one year and another largely meaningless. Australia's recent 10 per cent devaluation was also taken into account in this year's price-fixing.

The Australians do not see the new uniform price particularly radical. They argue that supply and demand will automatically make sense of it, the five-crown fruit, being the best buy, going off first and being followed by as much of the other two grades as the market will absorb at the price.

Obstacles to penetrating the EEC are formidable, but Australia is approaching the season with as much confidence as is *permitted by the knowledge* that its 70,000 tonne crop for this year is not excessive.

In addition, the carryover of about 7,000 tonnes is relatively modest and quality is as high as it has ever been.

Before Britain joined the EEC, Australia's dried fruit sales to the British peaked at about 25,000 tonnes, falling more recently to a low of 4,500 tonnes and now back to about twice that.

Another modification for this year is that payment has been made easier for buyers. Instead of being required to settle on receipt of documents and before the arrival of the fruit, with a 2 per cent discount for *promptness, merchants are now* allowed six weeks to pay after the fruit has landed in port, with no discount.

Further incentive is offered to buyers by the introduction of discounts for quantity—1 per cent for 20 to 39 containers, 2 per cent for 40 to 99 containers and 3 per cent for 100 or more. The deadline for taking delivery of orders has been put back from August to December.

However, of more concern to the British trade at the moment than this year's marketing innovations is the confusion emanating from Brussels, with the green pound apt to change at any time and buyers unable legally to buy currency ahead for the same period as their *dried fruit commitments*.

There is also some uncertainty among them as to just what, with price differentials no longer there to *provide* a guide, they are going to get when they order the uni-price sultanas Australia is offering, amounting so far to 3,000 tonnes. They wonder whether, when further quantities are offered, the price will alter.

The Australian moves come at a time when there is a sudden scarcity of Greek fruit, following a surplus of about 35,000 tonnes of it last year. There is speculation that someone might have had the courage to collar a large portion of it and make a killing if prices, currently quoted at from US$935 to US$1,050 a tonne should rise.

A sudden scarcity of Greek fruit follows last year's surplus of 35,000 tonnes

What appears to be the most welcome of the Australian concessions is that allowing six weeks to pay rather than having to do so on receipt of papers. "Sometimes we get the documents a month before the fruit," said one importer, "and that is not funny with interest rates at 16 per cent."

Precious metals complex proposed

BY JOHN EDWARDS, COMMODITIES EDITOR

A PLAN to expand the London gold futures market into a precious metals complex, with the introduction of *silver and* platinum contracts quoted in dollars, has been put to member companies.

A questionnaire sent to members by the Board of the London gold futures market asks them to decide, by May 16, whether *they are in favour of examining* the viability of introducing dollar-based contracts for silver and platinum.

Mr R. D. Gee, chairman of the market in succession to Mr Keith Smith, says they are keen to look at ways of expanding activity on a market which he claims has the facilities to handle business of up to 10,000 contracts daily.

Members are also asked whether they favour earlier opening hours and an extension of the quoted contract positions beyond 12 months ahead.

Joint sponsors of the London *gold futures market, providing* the bulk of the membership, are the London Metal Exchange, which already has a silver *futures contract quoted in* sterling, and the bullion brokers who trade extensively in both silver and platinum for forward delivery.

Nevertheless, some LME members believe that a dollar silver futures contract might well be more successful, especially if separated from the metals quoted in sterling.

It might also give a useful boost to the gold futures market, where quiet conditions have brought a downturn in turnover after the boost given by switching to a dollar contract last October.

Three London companies—Argos Metals, Ayrton Metals and Samuel Montague—also jointly issue each morning and *afternoon a free market* platinum quotation, which at one stage was seen as a forerunner to the launch of a futures market.

In the U.S. there is a platinum futures contract on the New York Mercantile Exchange, as well as silver futures contract on Comex (the New York Commodity Exchange) and Chicago Board of Trade.

Turnover on the London Metal Exchange silver futures contract, introduced in 1968, has been hampered by the sterling quotations and the large minimum lot size (10,000 ounces).

However, the LME recently announced it was considering reducing the minimum lot size on the silver market to 2,000

Israel likely to double fertiliser output

BY OUR SPECIAL CORRESPONDENT

ISRAEL'S fertiliser industry expects to be producing more than 2m tonnes of potash and 5m tonnes of phosphate rock by 1985, accounting for 7 and 15 per cent respectively of the world market.

Israel Chemicals, which owns the Dead Sea Works, Negev Phosphates, Fertilisers and Chemicals and Rotem Fertilisers, exported 1.1m tonnes of potash and 1.7m tonnes of phosphate rock in the last statistical year of 1981.

According to Israel's Agriculture Ministry, this put it among the 22 largest Middle East enterprises.

The company exports more than 95 per cent of the potash and 78 per cent of the phosphate rock it produces. Potash comes from virtually inexhaustible supplies in the Dead Sea and phosphate rock from large deposits in the Negev desert.

Haifa Chemicals another company, exported *140,000 tonnes* of potassium nitrate.

Prospects for the industry's expansion assume that countries including the Soviet Union, China and India, which import large amounts of grain from the U.S., Canada, Argentina, Australia, Brazil and elsewhere, will in future find it cheaper to buy fertiliser instead and boost their own cereal production.

It has been calculated that one unit of fertiliser by weight produces 7-15 units of grain. It is argued that because of this, huge savings can be made on shipping alone, *provided land* and water are available in the importing countries.

Israel is concentrating on processes designed to aid and encourage consumption. Its scientists have responded to a *sulphur shortage by finding* out how to make high-grade phosphoric acid from other materials.

Israel Chemicals' total revenue for 1981 was $469m, with net profits of $72m. These figures could be more than doubled. If the expansion projected for 1985 is realised.

Increasing demand by UK farms

CONSUMPTION of fertiliser by UK farms rose by 5.7 per cent last year, compared with the previous year, according to figures just published by the Fertiliser Manufacturers Association.

The association reports in Fertiliser Statistics, its annual publication, that the 1981-82 season saw a growth of 6.1 per cent for nitrogen, 6.5 per cent for potash and 3.7 per cent for phosphate.

The nitrogen growth was due entirely to increased use of straight nitrogen, since compound nitrogen use declined by 0.7 per cent.

PRICE CHANGES

In tonnes unless stated otherwise	Apr. 26 1983	+ or —	Month ago
Metals			
Aluminium	£880		£816/815
Free Mkt.	£1080/1090		$1549/157
Copper			
Cash h grade	£1107.5		£1117.5
3 mths	£1130.75	—4	£1115.25
Cash Cathode	£1081	—9	£1101
3 months	£1109	—3.25	£1132.75
Gold troy oz	$436	—4	$414.5
Lead Cash	£295	—2.5	£306.5
3 months	£306.25	—2.25	£320.75
Nickel	£4833		£4611
Free mkt.	210/840c		250/260c
Palladium	$125.25	—2.25	$99.50
Platinum	£257.15	—4.75	£272.85
Quicksilvert	$280/300	—20	$320.335
Silver troy oz	775.70p	—9.20	712.80p
3 mths	795.55p	—9.55	730.90p
Tin cash	£8802.5	+3.5	£9257.5
3 month	£8741.5	—11.5	£9282.5
Tungsten	$85.22		$83.73
Wolfam 22.04 lb	$89/91		$90/92
Zinc Cash	£463	+8.25	£470.5
3 mths	£477.685	+6.675	£496.25
Producers	$750		$750

	Apr. 26 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$596y		$612.5
Groundnut	‡		‡
Linseed Crude	‡		‡
Palm Malayan	$432.50x	—5	$397.5
Seeds			
Copra Phil	$390y	+10	$338
Soyabean (U.S.)	$253.50z	—1.50	$257.2
Grains			
Barley Fut. Sep	£111.00	—0.20	£111.00
Maize	£145.00z		‡
Wheat Fut. Jul	£137.10	+0.30	£139.45
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1551.5	+1.0	£1510.5
Fut. July	£1305.5		£1279.5
Coffee Ft. July	£1666.5	+1	£1922
Cotton A. Index	80.50c	+0.1	79.50c
Gas Oil May	$247.75	—1.0	$236.75
Rubber (kilo)	73p	—1	79p
Sugar (Raw)	£119wx	+2	£115
Woolt'ps 64s.	394p kilo		408p kilo

‡ Unquoted. z May. x June. y May-June. v April-June. w April-May. † Per 75-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.80-28.90	+0.05
Iranian Light	28.00-28.10	—
Arabian Heavy	26.20-26.30	—0.07
North Sea (Forties)	29.70	—
North Sea (Brent)	29.95	—
African (Bonny L'ht)	29.90-30.05	—0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	310-310	+9.0
Gas oil	248-254	—0.5
Heavy fuel oil	154-156	—

GAS OIL FUTURES

After opening around $1.00 lower, the market traded quietly in a narrow range. Weakness in New York put further pressure on prices in the afternoon and the market came down to the lows.

Turnover: 1,943 (2,281) lots of 100 tonnes.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	251.00	—0.50	251.00-51.00
May	247.75	—1.80	247.50-48.75
June	245.75	—1.25	246.25-44.75
July	245.00	—2.00	246.25-44.00
Aug	246.75	—1.75	247.00-46.00
Sept.	248.75	—2.25	249.00-48.00
Oct.	251.50	—1.75	251.50-50.50
Nov	254.25	—0.75	245.00-53.00
Dec	257.25	—0.25	257.25-54.50

GOLD MARKETS

Gold fell $4 to $435½-436½ on the London bullion market yesterday. It opened at $436-437, the high point of the day, and was fixed at $435½ in the morning, and £435½ in the afternoon. The metal touched a low of $434-435.

In Paris the 12½ kilo gold bar was fixed at FFr 103,000 per kilo ($435.80 per ounce) in the afternoon, compared with FFr 103,000 ($435.79) in the morning, and FFr 104,000 ($442.05) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,430 per kilo ($436.97 per ounce), against DM 34,735 ($443.00), and closed at $435½-436½, compared with $441-442.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $434.75 per ounce, against $443.50.

In Zurich gold finished at $434-$437, compared with $441-444.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	436.60-37.3	—5.95	—
June	440.20-40.8	—2.90	440.90-38.5
July	443.20-44.0	—3.95	—
August	445.70-47.8	—3.90	446.60-45.7
Sept.	449.70-50.5	—3.95	—
Oct.	453.20-53.7	—4.85	—
Nov.	456.20-57.2	—4.10	—

Turnover: 570 (837) lots of 100 troy ounces.

	April 26	April 25
Gold Bullion (fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins Apr. 26		
Krugrand	[illegible]	[illegible]
½ Krug	[illegible]	[illegible]
¼ Krug	[illegible]	[illegible]
1/10 Krug	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sov	[illegible]	[illegible]
½ New Sov	[illegible]	[illegible]

EUROPEAN MARKETS

PARIS, April 26. Cocoa—(FFr per 100 kg): [illegible]

Sugar—Close (FFr per tonne). [illegible]

ROTTERDAM, April 26. Wheat: [illegible]

BRITISH COMMODITY MARKETS

BASE METALS

Currency considerations dominated movements in base-metals on the London Metal Exchange. COPPER dipped to £1127 in early trading, unsettled by the trend in overnight U.S. markets and firm sterling. However, the price rallied strongly to close at £1136.5 as sterling eased and American markets staged a strong recovery. ZINC rose strongly to close at £478; rises of 2 cents by two U.S. producers prompted speculation that European producers could increase prices in the near term.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1100.5-1	—8.75	1102-3	—6
3 months	1128.5-8	—9.5	1130.5-1	—4
Settlem't	1101	—8	—	—
Cathodes				
Cash	1076.5-7	—18	1080-2	—9
3 months	1106-.5	—10.2	1108-10	—4.5
Settlem't	1077	—16	—	—
U.S. Prod.	—	—	*79-83	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,100.50, three months £1,129, 28, 27.50, 27, 28, 27.50, 27, 27.50, 28, 28.50, 29, 28.50. Cathodes: Cash £1,075, 76, 76.50. Kerb: Higher Grade: Three months £1,129, 28.50. Afternoon: Higher Grade: Three months £1,128, 28.50, 30, 31, 30.50. Kerb: Higher Grade: Three months £1,130, 31, 31.50, 32, 33, 33.50, 34, 34.50, 35, 35.50, 36, 36.50. Turnover: 23,875 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	8781-2	—21	8800-5	—2.5
3 months	8737-40	—12	8740-5	—11.5
Settlem't	8782	—25	—	......
Standard				
Cash	8781-2	—17	8800-5	+5.5
3 months	8737-40	—12	8740-5	—11.5
Settlem't	8782	—16	—	......
Straits E.	‡$31.53	......	—	......
New York				

Tin—Morning: Standard: Cash £8,780, 83, 51, three months £8,740, 35, 37. Kerb: Standard: Three months £8,735, [illegible] 37. Afternoon: Standard: Three months £8,740, [illegible] Standard: Three months [illegible] 40, 42. Turnover: [illegible] tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Spot	[illegible]	[illegible]	[illegible]	[illegible]

Lead—Morning: [illegible] £306.75. [illegible] Three months [illegible] Turnover: [illegible] tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	[illegible]	[illegible]
Primw'ts	[illegible]	[illegible]	[illegible]	[illegible]

Zinc—Morning: [illegible] Turnover: 24,025 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

Aluminium—Morning: [illegible] Turnover: 1,000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3060-90	—31.5	3055-60	—61
3 months	3170-5	—28.5	3138-40	—62.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,170, 65, 60, 65, 70, 66, 70. Kerb: Three months £3,175. Afternoon: Three months £3,170, 65, 60, 55, 50, 40. Kerb: *Three months £3,150, 55, 65, 75,* 70, 65. Turnover: 984 tonnes.

SILVER

LME—Turnover 94 (103) lots of 10,000 ozs. Morning: Cash 779.0, three months 795.0, 95.5, 96.5. Kerb: Three months 796.0. Afternoon: Three months 796.00. Kerb: Three months 796.0, 97.0, 98.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl	+ or —
Spot	776.70p	—9.20	777.00p	—11.0
3 months	795.55p	—9.55	795.50p	—11.5
6 months	814.80p	—9.[illegible]	—	......
12 months	858.80p	—9.90	—	......

Silver was fixed 9.2p an ounce lower for spot delivery in the London bullion market yesterday at 776.7p. U.S. equivalents of the fixing levels were: spot $12.198, down 7.4c; three-month $12.462, down 8c; six-month $12.743, down 7.7c; and 12-month $13.327, down 9.3c. The metal opened at 772-774p ($12.15-$12.19) and closed at 774-776p ($12.17-$12.21).

WEEKLY METALS

SPOT PRICES — Chicago loose lard 17.50 cents per pound. Handy and *Harman bullion silver* 1221.50 (1230.00) cents per troy ounce. New York tin 624.00-637.00 (627.00-634.00) cents per pound.

★

All prices as supplied by Metal Bulletin.

ANTIMONY: [illegible]

BISMUTH: [illegible]

CADMIUM: [illegible]

COBALT: [illegible]

MERCURY: [illegible]

MOLYBDENUM: [illegible]

SELENIUM: [illegible]

TUNGSTEN ORE: [illegible]

VANADIUM: [illegible]

Producer list price for selected metals as recorded in Metal Bulletin. ALUMINIUM: [illegible] NICKEL: [illegible] URANIUM: [illegible] ZINC: GOB producer basis, $ per tonne 750.

COFFEE

Commission house buying during a steadier opening prompted gains of £5.00-£10.00, reports Drexel Burnham Lambert. Dealings were moderately active in a £20.00 range with a quiet New York and a lack of physical activity tending to dampen interest.

COFFEE	Yest'day's Close	+ or —	Business Done
May	1844-46	+4.0	1850-44
July	1666-67	—	1681-57
Sept.	1572-74	—16.5	1600-70
Nov.	1525-27	—20.5	1658-25
January	1485-93	—26.5	1528-00
March	1455-65	—17.5	1485-65
May	1436-46	—19.5	1470-50

Sales: 2,609 (3,961) lots of 5 tonnes.

ICO Indicator prices for April 25 (U.S. cents per pound): Comp. daily 1979 124.72 (123.93); 15-day average 122.62 (122.48).

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1286-87	+1.0	1295-84
July	1306-06	—	1313-03
Sept.	1318-14	—5.0	1320-09
Dec.	1328-30	—1.5	1332-30
March	1343-45	—1.5	1348-40
May	1350-55	—2.0	1357-54
July	1360-70	—4.5	1365

Sales: 5,022 (4,742) lots of 10 tonnes.

ICCO—Daily price for April 26: 90.15 (90.05). Indicator prices for April 27: 88.14 (87.43).

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 191.25, June 129.25, July 126.75 transhipment east coast sellers. Maize: French May 146 transhipment east coast. Barley: English feed fob Sept 115. Rest unquoted.

Mnth.	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'd'ys close	+ or —
May	135.70	+0.25	118.00	—
July	137.10	+0.30	—	—
Sep	117.80	+0.10	111.00	—0.20
Nov	120.50	—0.10	114.40	—0.15
Jan	123.80	—0.05	117.60	—0.20
May	126.50	+0.05	120.40	—0.20

Business done—Wheat: May 136.45-135.75, July 137.80-137.10, Sept 117.80 only, Nov 120.50-120.45, Jan 123.55-[illegible] [illegible]

POTATOES

[illegible]

Month	Yesterd'y's close	Previous close	Business Done
	£ per tonne		
Nov.	[illegible]	[illegible]	[illegible]
Feb.	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: 482 (593) lots of 40 tonnes.

RUBBER

No. 1 R.S.S.	Yesterd'ys close	Previous close	Business done
	£ per tonne		
June	735-740	750-755	—
July	737-740	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mch	[illegible]	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mch	[illegible]	[illegible]	[illegible]

The physical market opened easier and closed on an uncertain note, [illegible] (262.50) cents a kg and SMR 20 230.50 (233.50).

Sales: 825 (109) lots of 15 tonnes: nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 73.00p (74.00p); June 74.00p (75.25p); July 74.25p (75.50p).

SOYABEAN MEAL

Prices opened 50p down on stronger sterling, reports T. G. Roddick. Prices remained under pressure on trade selling closing with losses of £2.00.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
June	146.00-46.0	—2.55	147.00-45.60
August	146.90-47.4	—2.80	149.00-47.20
October	150.00-51.0	—2.30	152.20-50.90
Dec.	156.50-56.5	—2.45	159.30-56.40
Feb.	160.00-61.5	—2.00	162.50-62.50
April	160.50-62.5	—2.05	—
June	161-50-64.0	—1.55	—

Sales: 285 (106) lots of 100 tonnes.

INDICES

FINANCIAL TIMES

Apr. 26	Apr. 25	M'th ago	Y'ar ago
272.45	272.57	87.380	246.72

(Base: July 1 1952=100)

REUTERS

Apr. 26	Apr. 25	M'th ago	Y'ar ago
1764.4	1767.4	1775.1	1609.0

(Base: September 18 1931=100)

MOODY'S

Apr. 22	Apr. 21	M'th ago	Y'ar ago
1040.1	1042.6	1057.5	1003.7

(December 31 1931=100)

DOW JONES

Dow Jones	Apr. 29	Apr. 51	Month ago	Year ago
Spot	141.62	140.60	136.88	126.84
Fut'm	147.11	146.05	142.06	130.88

(Base: December 31 1974=100)

SUGAR

LONDON DAILY SUGAR—Raw sugar £119.00 ($177.00) a tonne cif for April-May-June shipment. White sugar £144.50 ($146.50). [illegible]

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 4,958 (6,336) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was [illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

Precious metals sold off early on the strength of the dollar but recovered late in the session on short covering by local traders as the dollar weakened. Both gold and silver closed within fractions of the previous close. Copper received continued support from speculative buying in reports of further Chinese buying. Arbitrage buying became a further supporting factor [illegible] Sugar [illegible] of further [illegible] and [illegible] tender by India. [illegible] of the May futures also helped support the market. Heating oil finished moderately lower in a technical correction and on a change in the weather pattern towards warmer temperatures across the nation. Cocoa prices were narrowly mixed with light profit-taking and producer selling providing resistance. Coffee sold off on light dealer selling with [illegible]

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs, cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	98	Treasury 9¼pc '83	99	.....	9.27	10.12
102	100	Exch. 13¼pc '83	101xd	.....	13.25	10.03
99	98	Exch. 10pc 1983	99⅞	...	10.01	10.13
97⅛	96¼	Funding 5½pc '82-84‡‡	97	.....	5.67	9.85
101¼	99½	Exch. 11¼pc 1984	100	.....	11.14	9.95
104	102½	Exchequer 14pc 1984	103xd	.	13.49	10.16
94¾	92½	Exch. 3pc 1984	94⅝	.....	3.17	7.98
102	100	Treasury 12pc 1984	102½	+	11.70	10.00
107	105	Treasury 15pc 1985	107	+	13.99	10.52
107	101	Exch. 12pc Cnv. '85	104	+¼	11.50	9.39
90¾	88½	Treasury 3pc 1985	90¼xd	.....	5.31	7.94
102	99¼	Treasury 11¼pc 1985	101	+½	11.30	10.52
102	95	Treas 8¾pcCnv '85	97½	+½	8.93	9.91
103	100	Exch. 12¼pc 1985	103xd	+	—	10.70
102½	99	Exch. 11¾pc '86	102½	+¼	11.46	10.67
88½	85⅝	Treasury 3pc 1986	87xd	.....	5.45	7.86
27	26	Exch. 10½pc Cv '86(£25pd)	26¾	+	10.32	10.25
103	100	Treasury 12pc '86	102	+	11.65	10.84
97½	94⅝	Treasury 8¼pc '84-86‡‡	95½	+¼	0.90	10.17
112¼	103	Treas. 12¼pc '86 Cnv.	110¼	.....	11.06	8.36
109	106½	Exch. 14pc 1986	109xd	+	12.83	10.82
107	103⅝	Exch. 13¼pc 1987	107	+	12.37	10.87
84	81⅝	Exchequer 2½pc 1987	81	+¼	3.05	8.09
100	95	Exch. 10½pc 1987	99	+	10.58	10.74
99	29	Exch. 10½pc 1987A	99	+	10.59	10.78
93¾	89⅝	Funding 6½pc '85-87‡‡	89⅝xd	+¼	7.25	9.68
81⅞	01⅛	Treasury 3pc 1987	81	+¼	3.66	8.17
104⅝	99⅞	Treas 12pc 1987	103xd	+	11.59	10.98
93¼	89⅝	Treasury 7¾pc '85-88‡‡	90¼	+½	8.53	10.24

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	95½	Exch 10½pc '88	97xd	+¼	10.71	11.03
81½	75¼	Transport 3pc '78-88	80⅝	.....	5.79	7.99
96½	90¼	Treas. 9½pc '88	93¾	+¼	10.14	11.06
104⅝	95¾	Treasury 11½pc 1989	102¼	+½	11.47	11.43
25¼	24⅝	Treas 10½pc '89 (£25pd)	25¼	+¼	10.92	11.35
83¼	77½	Treasury 5pc '86-89	78½	+¼	6.38	9.57
110⅞	103	Treasury 13pc 1990‡‡	110⅞	+¼	12.12	11.47
108¼	101	Exch. 12½pc 1990	106⅛	+¼	11.92	11.44
91	86¼	Treasury 8¼pc '87-90‡‡	91	+¼	9.38	10.69
104½	97	Treasury 11¾pc 1991	104¾	+½	11.60	11.48
83	75¾	Funding 5¾pc '87-91‡‡	77¾	+¼	7.43	9.92
103	95⅞	Exch. 11pc 1991	98¾	+¼	11.15	11.24

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
396	344	Initial	373	−1	†10.75	2.5	4.1	11.5
45	28	Inter-City 20p	28½	+½	—	—	—	—
180	[illegible]	[illegible] Tech Sys 20p	175	.....	o4.0	1.8	3.3	24.3
208	[illegible]	Jacksons Bourne	175	.....	5.0	3.1	4.1	11.3
28½	[illegible]	James Inds. 10p	24	.....	1.25	1.9	7.4	10.1
160	[illegible]	Jardine M HK$5	136	−4	080c	♦	5.7	♦
34	18	Jenks & Cattell	32	+1	Z1.0	—	4.5	—
348	[illegible]	Johnson Cleaners	322	+7	10.8	♦	4.8	♦
340	[illegible]	Johnson Mthy. £1	328	+2	10.0	1.9	4.4	(14.3)
330	[illegible]	Johnston Grp. 10p	330	.....	6.0	♦	2.6	♦
102	87	Jourdan (T.) 10p	98	.....	5.4	1.2	8.2	13.4
59	39	Kalamazoo 10p	57xd	−1	2.5	0.9	6.3	25.5
210	[illegible]	Kelsey Inds	178	.....	8.0	1.7	6.4	12.3
140	[illegible]	Kershaw (A.) 5p	130	+5	15.0	0.6	16.5	(11.6)
54	39	Kleen-E-Ze Hldgs.	54	.....	t3.0	0.2	7.9	—
72	52	L.C.P. Hldgs.	68	.....	3.6	0.6	7.6	(18.0)
136	103	L.R.C. Int. 10p	136	+2	t3.1	2.8	3.3	25.0
30	17	Lamont Hldgs. 10p	29	.....	1.2	1.8	8.0	8.1
37	26	Lawtex	35	−1	—	—	—	—
410	370	Lep Group 10p	370	.....	17.5	1.7	6.8	(10.0)
27	22	Lilleshall 10p	26	.....	‡2.5	—	‡	—
700	305	Lon. & Liv. 10p	310	−32	†2.45	2.4	1.1	45.2
126	102	London & Mid'd	126	+5	7.75	1.1	8.8	(15.0)
63	55	Lon. & Nthn. Grp.	63	.....	†3.75	2.1	8.5	6.7
40	32	♦Lon. Priv. Health	33	.....	—	—	—	26.5
8½	7½	Long Hmbly. 10p	7½	.....	8—	—	—	—
65	46	Longton Inds.	52	−1	1.8	—	2.7	—
108	70	Low & Bonar 50p	104xd	+4	5.0	♦	6.9	♦
26	16	M.Y. Dart 10p	22	−1	0.1	—	0.6	—
212	150	M'c'rthy Ph. 20p	154	+2	7.0	2.5	6.5	7.6
146	128	Macfarlane Gp.	138	.....	3.52	2.1	3.6	14.9
46	43	Maclellan 20p	45	+1	1.5	♦	9.9	♦
63	40	Macpherson (D.)	41	.....	4.2	0.6	9.8	(16.6)
54	41	Magnolia Group	52	.....	2.3	♦	6.3	♦
180	65	Man. Ship Can. £1	170	−5	3.5	6.8	3.0	5.2
73	40	Marley	64	+1	2.5	0.5	5.6	(11.3)
37½	30½	Marling Ind. 10p	34	.....	1.08	6.7	4.5	3.5
33	25	Marshall L'ey. "A"	29	.....	1.2	—	3.9	—

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
145	118	Boosey & Hawkes	145	+5	41.9	—	‡	—
61	40	Campari Int. 20p	54	−1	d2.73	♦	7.2	♦
30	23	Fairline Boats 10p	27	.....	d1.0	—	5.3	—
16½	14½	GRA Group 5p	15½	.....	—	—	—	19.9
50	45	Grampian TV A 10p	54xd	.....	3.6	♦	10.0	♦
163	136	HTV Non/Vtg.	142	.....	11.0	2.0	11.1	6.3
222	158	Horizon	163	−2	3.6	5.7	3.2	7.1
134	91	Intasun 10p	126	.....	3.5	4.8	4.0	6.4
169	141	LWT "A"	149	.....	11.08	1.1	10.6	12.0
360	287	♦Leisure Inds.	360	+5	♦46.0	3.0	2.4	17.1
147	101	Leisuretime Int 10p	123	.....	g1.54	♦	2.0	♦
232	208	Mogul Ag. M. 10p	221	.....	8.75	1.6	11.3	8.0
60	53	Medminster 10p	55	.....	†4.0	0.8	10.8	16.7
128	75	♦Nimslo Int. 20c	77	−5	—	—	—	—
145	68	Norton & Wrt. 10p	145	.....	q2.17	0.5	3.2	—
29	23	♦Owners Abroad	25	.....	0.5	♦	9.1	♦
47	38	Photax (Lon.)	39	.....	—	—	—	—
153	105	♦Pleasurama Pict 5p	107	−1	sd1.5	2.1	2.0	26.4
288	217½	Pleasurama 5p	280	−5	h3.75	4.5	1.9	16.7
163	108	♦Radio City 'A' NV	155	.....	g5.6	1.6	5.2	16.8
199	138	Riley Leisure 10p	199	+6	3.95	♦	2.9	♦
108	84	Saga Hols. 20p	95	.....	d3.75	—	5.6	—
515	345	Samuelson Grp 20p	505	−10	†d12.0	2.8	3.5	17.4
104	94	Scott. TV 'A' 10p	97xd	.....	7.35	♦	10.8	♦
68	28	♦SelecTV 10p	44	+6	—	—	—	—
16½	15½	TSW 5p	16xd	.....	0.9	3.3	8.0	5.4
43	30	♦TVS N/Vtg 10p	33	.....	—	—	—	—
29	22	♦Television Servs 10p	25	.....	b0.2	3.3	1.2	35.4
104½	64	Trid'nt TV 'A' 10p	94	+1	♦4.26	1.4	6.5	16.1
180	110	♦21st Century Dist	110	.....	—	—	—	—
24	15	Webb (Jos.) 5p	20½	+½	d0.51	0.3	3.6	—
85	79	Zetters 5p	80	.....	2.75	2.9	4.9	10.1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

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SHOES AND LEATHER

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SOUTH AFRICANS

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TEXTILES

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TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

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Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling very firm

Sterling continued to improve in currency markets yesterday, touching its best level since December last year. Demand for sterling was encouraged by recent oil price increases and the prospect of a Conservative win should there be an early general election.

The dollar was also firmer, shrugging off the effects of a fall in U.S. money supply figures.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. March average 1.4902. Trade weighted index 84.6 against 84.5 at noon and 84.4 in the morning and compared with 84.0 on Monday and 92.6 six months ago. Sterling has benefited from hopes that oil prices will remain stable following the latest Opec settlement, the possibility of a Conservative victory at an early general election and an expected period of stability in domestic interest rates.

Sterling opened at $1.5680, its low for the day and rose to a best level of $1.5745 before closing at $1.5725-1.5735, a rise of 70 points and its best closing level for three months. Against the D-mark it rose to DM 3.8575 from DM 3.83 and SwFr 3.2375 from SwFr 3.22. Against the French franc it rose to FFr 11.5550 from FFr 11.47, its best level since last November. It was also firmer in terms of the Japanese yen at Y373½ from Y370.

DOLLAR — Trade-weighted index (Bank of England) 122.5 against 125.6 six months ago. The dollar has been firm during a period of extreme uncertainty about oil prices and upheaval in the EMS. U.S. interest rates have not fallen as once expected, and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar rose to DM 2.4505 against the D-mark from DM 2.4440 and SwFr 2.0560 from SwFr 2.0550. Against the yen it rose to Y237.50 from Y236.15 and FFr 7.3475 from FFr 7.3275.

D-MARK — Trading range against the dollar in 1983 is 2.4950 to 2.3379. March average 2.4102. Trade-weighted index 129.8 against 126.4 six months ago. The D-mark has been weak against most of its EMS partners since the realignment of the system in late March, requiring frequent support to remain within agreed limits. Economic fundamentals remain in favour of the German currency however, but high real U.S. interest rates and stable oil prices have also pushed the dollar and sterling higher against the D-mark.

The dollar and sterling continued to advance at the Frankfurt fixing. The Bundesbank sold $45.65m when the dollar was fixed at DM 2.4506, compared with DM 2.4412. Stable oil prices and low UK inflation, coupled with relatively high interest rates, also attracted funds into the pound, which rose to DM 3.8510 from DM 3.8140, touching an 18-week high. Among EMS currencies, the Dutch guilder improved, but the Irish punt lost ground, while the Belgian and French francs were unchanged.

JAPANESE YEN — Trading range against the dollar in 1983 is 242.25 to 226.80. March average 238.28. Trade-weighted index 145.9 against 125.4 six months ago. The yen's weaker performance against the dollar has discouraged the authorities from making the long awaited discount rate cut. A reduction has been called for to stimulate the economy, but may have to wait for lower U.S. interest rates.

The yen was slightly weaker against the dollar in moderate Tokyo trading, with the dollar rising to Y236.35 from Y235.50. It opened at Y236.30, and traded within a narrow range of Y236.10 to Y236.45. The D-mark showed little change, easing to Y96.71 from Y96.72, but sterling gained ground on oil price news.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	45.1548	+1.78	+0.52	±1.5430
Danish Krone ...	8.04412	8.04754	+0.04	−1.22	±1.6419
German D-Mark	2.21515	2.26587	+2.29	+1.03	±1.0667
French Franc ...	0.79271	6.79493	+0.03	−1.23	±1.4018
Dutch Guilder ...	2.49587	2.55240	+2.26	+1.00	±1.4941
Irish Punt	0.71705	0.717213	+0.02	−1.24	±1.6696
Italian Lira	1386.78	1347.03	−2.87	−2.87	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Apr. 20	£	$		£ Note Rates
Argentina Peso..	14,600-114,900	73,080-73,130	Austria	27.00-27.30
Australia Dollar..	1.8090-1.8110	1.1510-1.1520	Belgium	70.45-77.20
Brazil Cruzeiro ..	693.0 697.0	440.55-442.75	Denmark	13.60-13.75
Finland Markka..	8.5250-8.5490	5.4260-5.4280	France	11.50-11.60
Greek Drachma..	130.154 133.487	84.05-84.25	Germany	3.83¼-3.87½
Hong Kong Dollar	10.79¼-10.80¾	6.8700-6.8750	Italy	2260-2295
Iran Rial	138.10*	84.65*	Japan	371-370
Kuwait Dinar (KD)	0.457-0.458	0.29095-0.29105	Netherlands	4.32-4.36
Luxembourg Fr..	70.80-76.90	48.85-48.87	Norway	11.13-11.23
Malaysia Dollar..	5.6260-3.6310	2.3086-2.0105	Portugal	150-170
New Zealand Dlr.	2.3760 2.3810	1.5120-1.5140	Spain	203¾-219½
Saudi Arab. Riyal	5.4220-5.4275	3.4505 3.4515	Sweden	11.70-11.80
Singapore Dollar	5.3040 3.3070	2.1020-2.1040	Switzerland	3.22-3.26
Sth. African Rand	1.7100 1.7105	1.0870-1.0875	United States	1.56-1.58
U.A.E. Dirham..	0.7695 5.7750	3.0715-3.6785	Yugoslavia	131-148

* Selling rates.

CURRENCY MOVEMENTS

Apr. 20	Bank of England Index	Morgan Guaranty Change %
Sterling	84.0	−36.3
U.S. dollar	122.5	+11.6
Canadian dollar	91.1	−17.1
Austrian schilling	120.8	+30.2
Belgian franc	94.1	−1.8
Danish kroner	83.9	−10.4
Deutsche mark	128.3	+07.2
Swiss franc	151.9	+106.8
Guilder	117.9	+25.5
French franc	70.3	−23.2
Lira	52.0	−59.3
Yen	145.9	+39.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.689463	0.587412
U.S. $	8½	1.08546	0.925412
Canadian $	9.46	*	1.13396
Austria Sch	3¾	18.6944	15.9289
Belgian F	10	52.9169	45.1548
Danish Kr	7½	9.44201	8.04754
D mark	4	2.65503	2.26587
Guilder	3½	2.99186	2.55240
French F	8½	7.96483	6.79493
Lira	17	1079.90	1347.03
Yen	5½	256.012	218.126
Norwgn Kr	9	7.70962	6.57008
Spanish Pta	—	146.956	125.201
Swedish Kr	8½	8.10852	6.91082
Swiss Fr	4	2.23000	1.90131
Greek Dr'ch	20½	91.3815	77.8112

* C$/SDR rate for April 25: 1.32967.

THE POUND SPOT AND FORWARD

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5680-1.5745	1.5725-1.5735	0.19-0.14c pm	1.26	0.40-0.35 pm	0.95
Canada	1.9230-1.9325	1.9305-1.9315	0.20-0.10c pm	0.93	0.40-0.30 pm	0.72
Nethlnd.	4.31½-4.36	4.34½-4.35½	2½-1¼c pm	5.52	5½-5 pm	4.93
Belgium	76.35-76.96	76.80-76.90*	5c pm-5 dis	—	par-10 dis	−0.26
Denmark	13.63-13.71	12.69½-13.07½†	1½-2½ore dis	−1.88	4½-5½oredis	−1.42
Ireland	1.2136-1.2225	1.2195-1.2205	0.51-0.66p dis	−5.75	1.40-1.64dis	−4.98
W. Ger.	3.83-3.86½	3.85½-3.86½	2½-1½pf pm	5.83	5½-4½ pm	0.05
Portugal	154½-160½	154½-157¼	450-1710c dis	−83.06	735-2545dis	−42.06
Spain	212.25-213.50	213.20-213.40	175-260c dis	−12.24	485-605dis	−10.22
Italy	2283-2296	2293-2295	9-12lire dis	−5.49	22-37 dis	−0.01
Norway	11.14½-11.20½	11.19-11.20	2½-4½ore dis	−3.86	8½-10½ dis	−3.35
France	11.49½-11.57½	11.56-11.56	2-3c dis	−2.60	8½-9½ dis	−3.03
Sweden	11.72-11.78	11.76½-11.77½	5½-7½ore dis	−8.69	1½-2½ dis	−0.70
Japan	370-376	373-374	1.60-1.30y pm	4.50	3.70-3.50 pm	3.85
Austria	26.95-27.20	27.13-27.18	13½-11gro pm	5.39	34½-29½ pm	4.68
Switz.	3.22-3.24½	3.23¼-3.24¼	1½-1¼c pm	0.56	4½-4 pm	5.25

Belgian rate is for convertible francs. Financial franc 77.20-77.30. Six-month forward dollar 0.60-0.55c pm. 12-month 0.70-0.60c pm. * The rates on April 25 should have read 75.55-76.25 (spread); 76.15-76.25 (close). † The rates on April 25 should have read 13.47½-13.60½ (spread); 13.59½-13.60½ (close).

THE DOLLAR SPOT AND FORWARD

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5680-1.5745	1.5725-1.5735	0.19-0.14c pm	1.26	0.40-0.35 pm	0.95
Ireland†	1.2870-1.2900	1.2875-1.2885	0.80-0.70c pm	6.98	1.98-1.83 pm	5.91
Canada	1.2280-1.2285	1.2280-1.2285	0.01-0.04c dis	−0.24	0.03-0.06dis	−0.15
Nethlnd.	2.7540-2.7645	2.7625-2.7645	1.05-0.95c pm	4.34	2.77-2.87 pm	3.94
Belgium	48.80-48.88	48.85-48.87*	6-7c dis	−1.60	15-18 dis	−1.35
Denmark	8.7070-8.7200	8.7150-8.7200	1.20-1.70ore dis	−2.00	3.50-4.00dis	−1.72
W. Ger.	2.4405-2.4555	2.4500-2.4510	0.94-0.89pf pm	4.48	2.50-2.45 pm	4.04
Portugal	98.50-102.00	98.50-100.00	350-1250c dis	−96.00	800-1800dis	−52.00
Spain	136.50-136.70	135.60-135.66	135-175c dis	−13.72	365-415dis	−11.50
Italy	1456-1459¾	1458-1459	8½-9½lire dis	−7.41	25-28 dis	−7.41
Norway	7.1075-7.1200	7.1100-7.1150	2.60-3.00ore dis	−4.72	7.50-7.90dis	−4.33
France	7.3300-7.3575	7.3460-7.3500	2.25-2.40c dis	−3.79	7.25-7.55dis	−4.02
Sweden	7.4775-7.4825	7.4825-7.4875	1.25-1.45ore dis	−2.16	3.25-3.45dis	−1.79
Japan	236.20-238.30	237.45-237.55	0.64-0.50y pm	3.11	1.75-1.67 pm	2.88
Austria	17.23½-17.27½	17.26½-17.27½	6.30-5.50gro pm	4.10	17.00-14.50pm	2.65
Switz.	2.0520-2.0615	2.0565-2.0585	0.74-0.69c pm	4.77	2.17-2.12 pm	4.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.05-49.15. * The closing rate on April 25 should have read 48.85-48.87.

EXCHANGE CROSS RATES

Apr. 26	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.573	3.858	373.5	11.555	3.238	4.350	2294.	1.931	76.85
U.S. Dollar	0.636	1.	2.452	237.4	7.346	2.058	2.765	1458.	1.228	48.86
Deutschmark	0.259	0.408	1.	96.82	2.995	0.838	1.128	594.7	0.501	19.92
Japanese Yen 1,000	2.677	4.212	10.33	1000.	30.94	8.668	11.65	6142.	0.170	205.8
French Franc 10	0.866	1.361	3.338	323.2	10.	2.802	3.765	1980.	1.671	66.51
Swiss Franc	0.309	0.486	1.192	115.4	3.568	1.	1.344	708.0	0.596	23.74
Dutch Guilder	0.230	0.302	0.887	85.86	2.656	0.744	1.	527.4	0.444	17.67
Italian Lira 1,000	0.430	0.686	1.682	162.8	5.037	1.411	1.896	1000.	0.842	33.50
Canadian Dollar	0.518	0.815	1.998	193.4	5.984	1.677	2.253	1188.	1.	39.80
Belgian Franc 100	1.301	2.047	5.020	486.0	15.04	4.213	5.660	2985.	2.513	100.

FINANCIAL FUTURES

A narrow market

The London Financial Futures Exchange was generally quiet and dull yesterday, reflecting the lack of movement in cash markets and a reluctance to take positions against a background of uncertainty. This was particularly obvious in the Eurodollar pit, where the June price traded within an extremely narrow range of 90.93 to 90.97. It opened at 90.95, and closed at the same level, a fall of two points from the previous close.

Operators were not prepared to take positions ahead of the U.S. Treasury refunding programme for May to be announced today. This is expected to be around the $14bn level, keeping interest rates firm and depressing prices on the London and Chicago futures markets. If speculation about the Treasury package proves correct Federal Reserve monetary policy will probably be unchanged for some time, and on this basis prices may trend easier ahead of the auction on May 2.

Sterling interest rate contracts opened firmer, reflecting the strength of the pound on the foreign exchanges, but also moved within a fairly narrow range. The June gilt price opened at 105-17, and rose to a peak of 105-23, encouraged by news that the BL strike at its Cowley plant was at an end, but fell back to 105-15 at the close, a rise of 2/32 on the day.

A slight easing of money market interest rates, as a result of improving sentiment and the continued reluctance of the discount houses to part with their bills in order to relieve an underlying credit shortage, pushed up prices of the sterling three-month deposit contract slightly

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	90.95	90.97	90.93	90.97
Sept	90.67	90.69	90.65	90.70
Dec	90.42	90.43	90.40	90.43
March	90.13	90.20	90.13	90.15
June	89.93	—	—	89.94

Volume 903 (1,109).
Previous day's open int 3,893 (3,707).

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
June	90.28	90.30	90.26	90.25
Sept	90.44	90.46	90.39	90.38
Dec	90.43	90.44	90.41	90.40
March	90.28	—	—	90.25
June	90.10	—	—	90.13

Volume 792 (433).
Previous day's open int. 3,277 (3,288).

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	105-15	105-23	105-12	105-08
Sept	105-00	—	—	104-24
Dec	107-02	—	—	106-23
March	107-02	—	—	106-23
June	—	—	—	106-19

Volume 1,214 (1,712).
Previous day's open int 2,745 (2,892).
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 8 to 10 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5706	1.5715	1.5670	1.5648
Sept	1.5672	1.5672	1.5662	1.5617
Dec	1.5663	—	—	1.5587

Volume 800 (831).
Previous day's open int 1,704 (1,833).

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
June	0.4095	0.4110	0.4083	0.4124
Sept	0.4143	0.4156	0.4142	0.4170
Dec	—	—	—	—

Volume 114 (163).
Previous day's open int 401 (343).

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
June	0.4881	0.4889	0.4872	0.4903
Sept	0.4947	—	—	0.4978
Dec	—	—	—	—

Volume 130 (123).
Previous day's open int 405 (415).

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4225	0.4240	0.4228	0.4262
Sept	0.4251	—	—	0.4287
Dec	—	—	—	—

Volume 108 (123).
Previous day's open int 546 (533).

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	77-23	77-27	77-12	77-20
Sept	77-07	77-08	76-27	77-02
Dec	76-22	76-24	76-13	76-19
March	76-08	76-08	75-31	76-05
June	75-28	75-28	75-19	75-25
Sept	75-17	75-17	75-10	75-15
Dec	75-08	76-08	75-03	75-07
March	75-01	75-01	74-28	75-00
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.83	91.86	91.78	91.82
Sept	91.55	91.58	91.49	91.54
Dec	91.35	91.37	91.29	91.31
March	91.14	91.10	91.09	91.12
June	—	90.96	90.95	90.92
Sept	—	90.78	—	90.75
Dec	—	90.62	—	90.57
March	90.42	90.45	90.42	90.40

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.27	91.28	91.21	91.23
Sept	90.92	90.92	90.87	90.89
Dec	90.64	90.64	90.60	90.61

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	90.70	90.71	90.65	90.66
Sept	90.42	90.43	90.37	90.39
Dec	90.17	90.17	90.12	90.14
Feb	—	—	—	—
March	89.95	89.96	89.92	89.92

STERLING (IMM) $ per £

	Latest	High	Low	Prev
June	1.5660	1.5720	1.5640	1.5650
Sept	1.5625	1.5695	1.5615	1.5626
Dec	1.5670	1.5675	1.5615	1.5615
March	—	1.5675	1.5606	1.5606
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8% $100,000
32nds of 100%

	Latest	High	Low	Prev
June	70-28	70-29	70-16	70-24
Sept	70-03	70-06	69-27	70-01
Dec	69-16	69-16	69-08	69-14
March	68-30	68-31	68-25	68-29
June	68-10	68-15	68-10	68-13
Sept	68-00	68-00	67-31	68-01
Dec	67-22	67-23	67-19	67-22
March	—	—	—	—

MONEY MARKETS

UK rates ease on sterling's strength

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

UK interest rates were a little easier yesterday as the market continued to react to sterling's firmer trend. While sentiment remained bullish, dealers showed little hope of an early cut in base rates from the current 10 per cent level. In the interbank market overnight money opened at 10¼-10⅜ per cent and touched 10½ per cent before easing back to 10 per cent. During the afternoon it touched 15 per cent before slipping away to 9 per cent.

The Bank forecast a shortage of around £400m, later revised to £350m, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£213m and Exchequer transactions −£180m. On the other hand there was a fall in the note circulation of £60m. The Bank gave assistance in the morning of £205m, comprising purchases of £26m of Treasury bills and £25m of eligible bank bills in band 1 (up to 14 days) at 10 1/16 per cent and band 2 (15-33 days) £1m of local authority bills and £128m of eligible bank bills at 10 per cent. In band 3 (34-63 days) it bought £17m of eligible bank bills at 9 15/16 per cent and in band 4 (64-84 days) £8m of eligible bank bills at 9⅞ per cent.

Further help was given in the afternoon of £88m, making a total of £293m. The afternoon help comprised purchases of £80m of eligible bank bills in band 2 at 10 per cent and £8m in band 3 at 9 15/16 per cent.

In Frankfurt the Bundesbank announced its intention not to renew currency swaps maturing yesterday. A total of around DM 3bn is expected to find its way back into the market this week if the authorities do not conduct any further currency repurchase agreements. The latter course seems likely as short term funds are now in quite short supply. Call money yesterday was quoted at 4.95-5.05 per cent with banks now faced with end of month pension payments and reserve requirement commitments.

In Brussels the Belgian National Bank reduced interest rates on one, two and three-month Treasury certificates to 10.45 per cent from 10.50 per cent

LONDON MONEY RATES

Apr. 26 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-15	10¼	—	—	10⅜	10-10⅜	—	—	—
2 days notice	—	—	10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10⅜	10¼	—	—	10⅜-10⅛	10-10⅛	—	—	—
One month	10⅜-10¼	10¼-10⅜	10⅛-10 1/16	11-10⅜	10¼	10⅜-10⅛	10	10 1/16	10	10 9/16
Two months	10¼ 10⅛	10 3/16-10⅜	10⅛	10¾-10⅜	10⅜	10⅜	9⅞	9 15/16	9⅞-9 29/32	10 7/16
Three months	10⅛ 10	10 3/16-10 1/16	10-10¼	10⅜-10¼	10¼	10⅜	9¾	9 27/32-9 13/16	9 13/16-9 25/32	10 5/16
Six months	9 13/16-9⅞	10 1/16-10¼	10-10⅛	10⅛-9¾	10¼	—	—	—	9 11/16-9 9/16	10⅜
Nine months	9 13/16-9⅞	10 1/16-10¼	10	10⅛-10⅛	10¼	—	—	—	—	—
One year	9 13/16-9⅞	10 1/16-10¼	10-10 1/16	10⅜-10	10¼	—	—	—	—	—
Two years	—	—	10⅜-10¾	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period March 2 to April 5 1983 (inclusive) 10.974 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10½-11 per cent; four years 10¾-11¼ per cent; five years 11-11¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9⅝-9 21/32 per cent; four months trade bills 10⅝ per cent.

Approximate selling rate for one month Treasury bills 9 31/32-10 per cent; two months 9 13/16-9⅞ per cent; and three months 9 25/32-9 13/16 per cent. Approximate selling rate for one month bank bills 10 per cent; two months 9⅞-9 27/32 per cent and three months 9¾-9 13/16 per cent; trade bills one month 10 13/32 per cent; two months 10⅜ per cent and three months 10 9/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from April 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates of discount 9.7568 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-12 months 10⅛ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10¼ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Apr. 26	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	10 1/16-10 3/16	10⅛-10 5/16	10¼-10⅜	10⅛-10¼	10 1/16-10 3/16	10 10⅛
U.S. Dollar	8½-8¾	8¾-9	8 15/16-8 11/16	8 15/16-9 1/16	9 1/16-9 3/16	9 5/16-9 7/16
Can. Dollar	8½-9½	8⅞-9⅛	9-9¼	9⅛-8⅞	9 5/16 9½	9⅞ 9⅞
D. Guilder	4⅛-4¾	4⅛ 4¾	5⅛-5¼	5 3/16-5 7/16	5 7/16-5 9/16	0⅞-0
S. Franc	⅛-1¼	3¼-3⅛	6.3⅛	4 1/16-4 3/16	4 1/16-4 5/16	4⅝-4¾
Deutschm'rk	4¾-4⅞	4 11/16-4 15/16	4¾-4⅞	4 15/16-5 1/16	5 1/16-5 3/16	5⅜-5⅛
Fr'nch Franc	12¼-12½	13¼-13½	12¼-12½	13-13¼	14 3/16-14 7/16	16⅜-16⅝
Italian Lira	14⅛-18⅛	14¼-15¾	15-15⅞	10⅛ 10⅞	17-17⅝	17⅞-18¾
Belg. Franc Conv.	10-10½	10¼-11	10¼-10¾	10¼-10¾	10⅛-11	10¾-11¼
Fin.	10⅜-10⅝	10⅝-10⅝	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅛-10⅝
Yen	6⅛-6¼	6 3/16-6 5/16	6⅛-6 1/16	6⅛-6¼	6 1/16-6¼	6⅜-6⅛
D. Krone	12-12½	11¾-12	11-11½	11⅜-11⅞	11⅝-12⅛	11¾-12¼
Asia $ (Sing.)	8¾-8⅞	8 13/16-8 15/16	8⅞-8	9-9⅛	9⅛-9¼	8⅝-8⅛

FT LONDON INTERBANK FIXING
(11.00 a.m. APRIL 26)

3 month U.S. dollars		6 months U.S. dollars	
bid 9	offer 9 1/8	bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8½-8⅝
Treasury bills (13-week)	8.16
Treasury bills (26-week)	8.22

GERMANY

Lombard	5.0
Overnight rate	5.0
One month	5.05
Three months	5.20
Six months	5.25

FRANCE

Intervention rate	12.5
Overnight rate	12.5
One month	12.4375
Three months	12.3125
Six months	12.25

JAPAN

Discount rate	5.5
Call (unconditional)	6.28125
Bill discount (3-month)	6.65625

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	5-5⅛
Three months	5¾-5⅞

NETHERLANDS

Discount rate	3½
Overnight rate	4⅞-5
One month	5 5/16-5 7/16
Three months	5 5/16-5 9/16
Six months	5 5/16-5 7/16

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.65-8.75
Six months	8.80-8.90
One year	9.05-9.25

LONG TERM EURO $

Two years	10½-10⅝
Three years	10⅝-10⅞
Four years	11-11⅛
Five years	11¼-11⅜

SDR LINKED DEPOSITS

One month	8 7/16-8 9/16
Three months	8¼-8⅜
Six months	8 7/16-8 11/16
One year	8⅝-8⅞

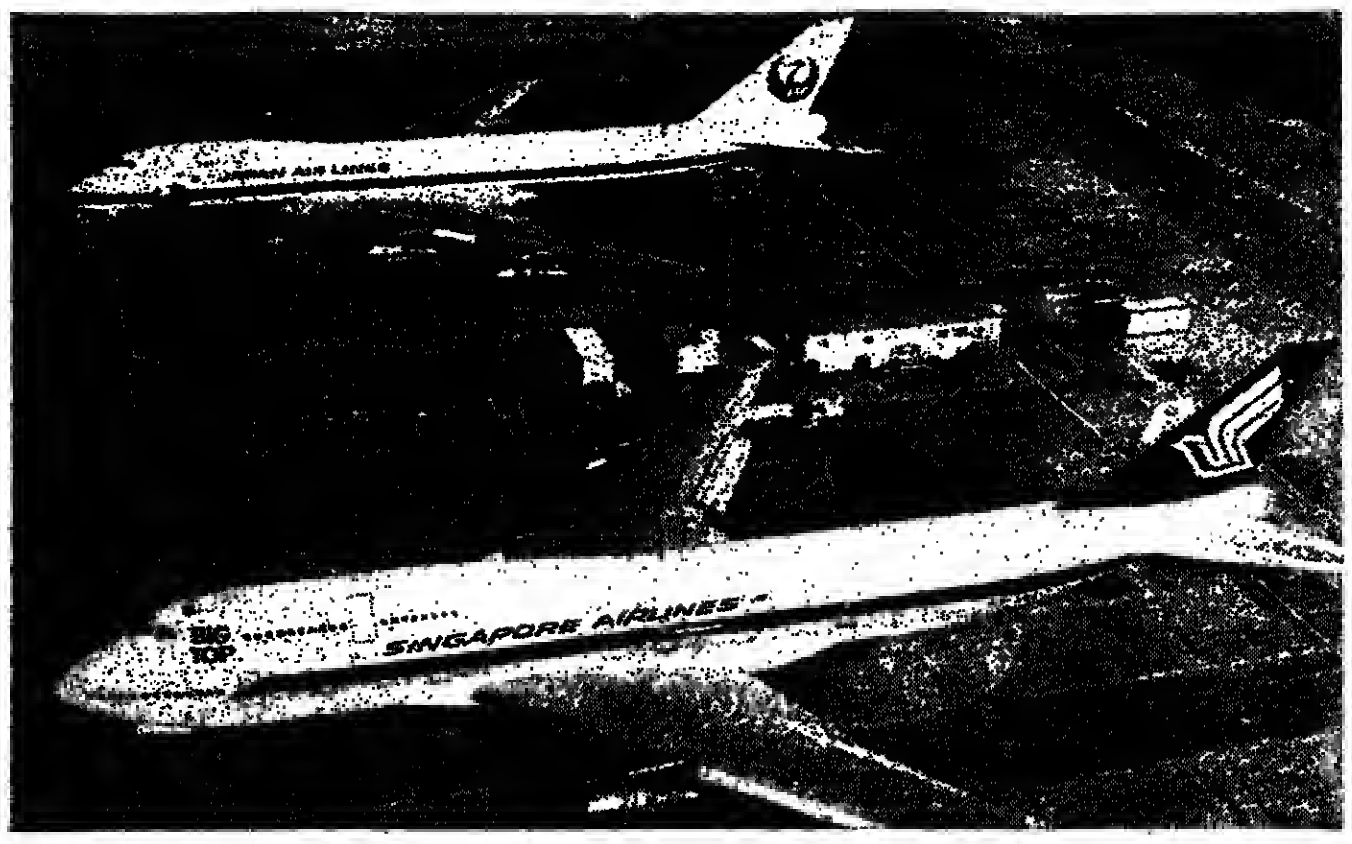
ECU LINKED DEPOSITS

One month	8¾-8⅞
Three months	8 9/16-8 11/16
Six months	8⅞-9⅛
One year	8 13/16-8 15/16

FINANCIAL TIMES SURVEY

Business Travel

While £400bn a year is already being spent on travel by the international business community, the need is continuing to grow as manufacturers and service organisations broaden their marketing horizons.



● A Singapore Airlines "big top"—the stretched upper deck Boeing 747-300 series—seen against a standard 747. The upper deck is an exclusive business class zone. Singapore Airlines will introduce the 747-300 in May *Picture: Glyn Genin*

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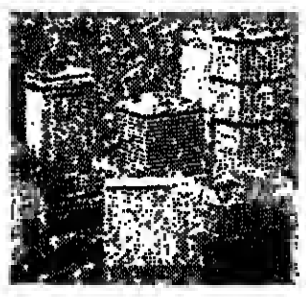

● *Editorial production of this survey was by Mike Wiltshire. Design: Philip Hunt.*

The fight to control costs

By ARTHUR SANDLES

ONE THOUGHT has come to dominate the world of business travel in the past couple of years and that thought is money. The £400bn which the international business community is said to spend on travel and entertainment may seem temptingly huge to anyone seeking a share of it.

The companies and individuals who foot the bills are, of course, searching for more ways to keeping costs down but, as far as suppliers are concerned, the story is one of a continuing fight to retain or increase market share and to control their own internal costs so as to maintain margins.

In all the major fields of business travel—airlines, accommodation and car rental—the market is generally one of oversupply. Rates for almost every travel component are therefore increasing in price at a slightly lower rate than inflation in most of the business travel nations.

At the same time, companies are desperately trying to control costs by weaving complex discount deals with hotels and rental companies; leaning heavily on airlines for cash refunds; supervising agencies strictly, while keeping a hungry eye on their commission levels; and, perhaps most alarming of all for staff, placing corporate travel costs under an increasingly powerful financial microscope.

There is little doubt that many companies regard business travel as an irritating necessity, as far as costs are concerned.

Often, business travel comes second or third only to salaries and rent/taxes as a corporate expense. While business travel accounts in most fields might be lost on performance (miserable service, dirty cars, cancelled flights), they are won over the desk of the financial controllers of this world.

The counter attack from suppliers has come in the form of a massive bid in every sector for consumer loyalty. Heavy users in every sector receive special rates or cash incentives. Even the airlines, enthusiastically discounting tickets to leisure travellers, are now deep into the rewards game.

Big accounts can win a cash rebate—as much as 3 per cent, even from blue chip carriers—for loyalty (it is a convoluted process usually channelled via a bonus commission through a travel agent).

Budgets

A couple of weeks ago, several hundred of the world's largest corporate travel customers gathered in New York to hear such speakers as Colin Marshall, the new chief executive of British Airways, Hans Sternik, president of Intercontinental Hotels and Frank Olson, chairman and chief executive of Hertz, express their own concerns about the position as far as their operations were concerned (the Olson paper was actually entitled "How the Car Rental Industry Got in the Mess it is in Today").

But the speakers also told an audience, which together was estimated to control travel budgets worth an annual \$2.6bn, how to take advantage of the position.

It was clear at the conference, organised by Woodside Management Systems in which Britain's Hogg Robinson Travel is a shareholder, that an increasing degree of professionalism is being applied to business travel decisions.

An effective company today will not only have a corporate travel policy firmly established (who travels where and how), but also monitor actual performance on a regular basis.

Corporate credit card programmes, an important and fertile field for American Express and Diners Club these days, seem ever more widely used as a means of keeping tabs on who is spending money and where—and of stemming the cash flow bleed of advance expense payments to staff.

Having long since learned about cheaper fares and how to obtain them, corporate travellers have moved one step further and are exploiting their buying power on heavily used routes where there is more than one, and possibly a multiplicity of, carriers.

Savings

At the same time, it is fairly normal these days for companies to have a department controlling and co-ordinating travel, although there are still major enterprises apparently which leave bookings to executives' secretaries.

Inevitably, however, the biggest savings are seen to be made in that most uphill of areas—convincing staff themselves that money does not grow on trees and that Lafitte with every meal is not a necessity of life.

In the past year or so, new elements have entered the game—financial security, particularly in airlines. Although the British Laker collapse caught relatively few UK business travellers holding useless tickets, a substantial number of corporations, particularly in the U.S., were stuck with Braniff paper.

The spin-off from these collapses has been ominous for some other airlines, and notably those which are perceived as being weak. There is a trend to "plate away" tickets from these carriers—that is issue tickets for Worried Air flights on Secure Air paper.

In this way, the customer secures the flight he wants, but the airline has to wait for its money since this went to the airline on whose paper the ticket was written. Even if the carrying airline goes bust, the money is secure.

The cash flow implications of this practice are enormous, and the U.S. Civil Aeronautics Board is trying to stop it but there is something of a dilemma. If "plating away" becomes difficult, will corporate customers and their travel agents simply stop using the weaker airlines altogether?

So difficult have many of the decisions become in the travel field that the use of specialists both in the form of travel managers and the use of outside agencies is general practice.

This has led to a considerable concentration of power in the hands of the larger agencies, many of whom have scarcely any High Street presence in the form of a sales effort aimed at the general public.

The growth of the business travel agency business is another indication of the way in which the market has held up so well in recent years—in spite of the recession and of commerce's worries about costs. As manufacturers and service industries have broadened their marketing horizons, so the need for travel has increased.

The most casual observer of the travel scene can see some of the results of this. Airlines have been falling over themselves to offer Club classes of varying types (and providing a remarkably disparate quality) and it is these areas of aircraft seating which seem to be the most crowded.

In the hotel industry it is the upper segment of the business travel properties, particularly those aimed at the international traveller, which have been faring best as the world stumbles through its economic

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Left: A bedroom at Ghyll Manor, near London Airport, Gatwick—an "up-market" executive-style hotel, favoured for small conferences. Centre: a room in the Pamodzi Hotel, Lusaka, Zambia, is typical of the modern business-orientated hotels now being built in Africa. The Pamodzi was opened in time for last August's Commonwealth Prime Ministers' Conference. Right: a view of the Atlantic Hotel in Banjul, West Africa

The 'small is beautiful' concept is being used to lure clientele, says **Arther Sandles**

Hotels ready for brighter times

IN APPARENT contradiction the hotel business is appealing to its audience on two levels — "big is best, and small is beautiful."

Size is offered as important in providing a national or international spread of properties, and of the ability to deal with the accounting demands of today's companies.

The "small is beautiful" concept is gaining increasing ground as hotel after hotel identifies its business clientele as a group requiring special attention in the form of club floors, business rooms, separate concierges and even restful areas with honour bars and constant coffee.

The first group to install club floors to any large extent was Hyatt, with its Regency Club system. Since then, the idea has proliferated. In recent months, the London area has seen such disparate properties as the Holiday Inn at Heathrow and the Bristol in Mayfair install their club facilities.

Not everyone is convinced about the trend, however. Intercontinental, now part of Grand Metropolitan, has looked at the idea and rejected it.

"Some hotels are experimenting with having a floor or a separate part of the building devoted exclusively to serving the upscale guest," says Intercontinental's president, Mr Hans Sternik.

"These floors usually have their own check in facility, a concierge, lounges, sometimes a special elevator to the floor and other amenities.

"We have analysed this concept and have decided it is not for us. We don't want to segregate any of our guests, or divide our guests into classes. We believe in giving all our guests the same service — the best for every guest — and we will continue to do that."

Not even the brave Mr Sternik can resist totally the trends of the moment, however. His own Six Continents Club, for frequent users of his hotels, offers such facilities as first choice seating in the restaurants, for example.

Self-contained

If "clubs," club areas and a closer relationship with guests is one trend, another is for hotels to become increasingly self-contained. Health clubs, business centres, a multiplicity of restaurants, considerably enhanced in-room facilities and sophisticated communications are more and more demanded by hotel guests, and are offered.

There are divergent views on why there is this demand. Some blame it on laziness on the part of the business traveller, but others on a developing concern world wide about security, be it a worry about mugging or a much more serious concern about kidnap.

Perhaps the total hotel concept is taken to its extreme by M Rene Hatt, the Swiss hotelier who heads the Nova Park group with its exotic property in Paris, soon to be opened project in New York and plans for London.

For Mr Hatt, the hotel has become the cocoon where the business visitor can retreat without the hassles and problems of venturing onto strange streets.

"There should be no need for anyone to leave the hotel. They should be able to eat simply or dine excellently, to relax and to carry out their business. We should give them everything they have in their own office."

In some of Mr Hatt's rooms this means detectors that blare an alarm if someone brings in a tape recorder.

Not everyone goes that far, but the provision of telexes, secretarial facilities and a constant flow of stock market information is becoming the norm.

With the up-market international business traveller providing the one sector of the hotel industry's custom which has remained healthy over the past couple of years, this eagerness to please the client is hardly surprising.

The experience of London is fairly typical of what is happening around the world. The de luxe hotels of the Park Lane strip and elsewhere have had a remarkably good couple of years when the economic background is considered.

It is the mid-range properties, the three-star operations, which have been having the toughest time as customers trade either up, because the glossier hotels have been able to hold their rates, or trade down because they hare having to cut back on corporate spending.

But there may be brighter times ahead. Industry analyst Mr Melvyn Greene reckons that "most hotels are now operating on minimum staff standards and costs which can hardly be reduced any more."

He argues that in those circumstances a fall in custom could make things difficult but that "any slight increase in occupancy and average room rates could cause a major increase in profits." This, he feels, is a possibility.

The implication for the business traveller in those remarks is that as the economy picks up so will hotel demand and so, thus, hotels will be able to get nearer to their desired rates for rooms. At the moment, all manner of hidden discounts and incentives are offered to bulk buyers and to travel agencies in order to secure custom.

This would be a considerable relief to a hotel industry which has been faced over the past few years with a market making ever heavier demands on services and being keener and keener on paying less for them.

If there is one other trend in hotels which is likely to produce pleasant surprises for the business traveller it is the current world-wide blitz by users on the cost of hotel telephone systems.

In Europe, particularly Switzerland and Austria, mark-ups of 300 per cent on already high telephone charges are not unusual. In the UK, 100 per cent is quite normal. The European average is probably around 150 per cent.

The hotels justify these costs by the claimed need for heavy investment in exchange systems, and by the cost of keeping switchboards manned by multilingual operators. What the system produces, of course, apart from considerable irritation on the part of the users, is the employment of devious devices such as transfer charge calls (some hotels will not let you make them), calling the office and having them call you back, and a simple recourse to the local public telephone box (most Austrian hotels ban them from their establishments too).

At last the message is beginning to filter through: Britain's Trusthouse Forte is experimenting with what seems to be a most useful scheme for the business visitor. Customers pay the normal hefty surcharge for the first few calls, but once regular usage is established, then the rate switches to a marginal mark-up on further units.

Internationally, AT&T is heading a campaign to obtain uniform guaranteed mark-ups for hotel groups around the world, and achieving some success.

But if the people who make the actual bookings, travel managers and travel agencies, have noticed anything at all in the past few years it must be the way in which the hotel industry continues to coalasce into marketing groups—either in the form of actual chains of same-name properties, or as co-operatives of independents via a franchise system of marketing organisation.

The plain fact is that this heavier pressure from groups is to a large extent the fault of the people who make the bookings themselves, and who prefer to deal with some central body rather than go to the bother of making individual reservations.

Over-capacity

Such has been the over-capacity in the hotel business recently however, that it has been difficult to keep pace with the groups. This over-capacity has introduced considerable fluidity into the marketplace, with hotels being bought, sold and swopped with considerable regularity—Grand Met's offer for sale of yet another tranche of its London properties is an example.

At the same time, the co-operatives have been able to tighten up their membership requirements and push their own standards upwards—the Prestige group is a recent UK example of this.

Clearly there should be a warning in all this for hotel users—do not use last year's hotel group lists.

If there are predictions to be made for the coming year they would probably be that there will be some hardening of rates, particularly in de luxe hotels in city centres; that in spite of Hans Sternik's views, the proliferation of Club areas will continue, as will the competition to provide more and more in-house facilities in order to make a hotel visit "an experience, more than just a necessity" as one hotelier put it; that groupings of hotels will carve an even greater slice of the market place; and, we live in hope, the cost of making a phone call from a hotel will start to fall.

Terry Kirk

Some of the world's newest and most luxurio s hotels are found in the Middle East. Above: the Sheraton Hotel on the Corniche at A u Dhabi, one of the United Arab Emirates

Cost-controls sought

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difficulties.

It is possible, of course, that all this will come to an end. If the recovery comes as soon as politicians in Britain and the U.S. are hinting in their pre-election run-ups then demand for travel facilities could start to catch up with supply.

In the non-U.S. car rental market, where suppliers have been much more able to get their act together, there is already some indication of a hardening of rates.

However, so many lessons have been learned in the past few years by companies who realised just how much money was being spent on business travel and how ill-controlled that expenditure was, that a full return to the good (for the airlines and hotels) or bad (for the companies concerned) old days would appear to be unlikely.

Money is likely to dominate travel thinking therefore for the foreseeable future.

"For corporations, all the complexities, confusion, and competition in the airline and agency business continues to offer unique opportunities for saving," one speaker told the New York conference.

"To gain from these opportunities, corporations must do a better job in developing and enforcing travel policies."

It was pointed out that a 20 per cent saving on the bulk buying of hotel rooms was usually of considerably greater significance than the maximum 3 per cent kick-back that is possible with some scheduled airlines.

But the real stress was on enforcement—"this is where we see the lingering loophole," the conference was told.

"Controlling travel costs can be an endeavour fraught with political tangles. To produce results, the travel policy should come from the chief executive so it is clear that everyone must abide by it."

As travel costs become more complex and factors such as frequent customer programmes increase the need, implementation of effective management will be a major development for business in the near future.

Card schemes are now tumbling on to the market place with remarkable speed, as **Arthur Sandles** reports.

The card game: a marketing ploy that everyone wants to play

". . . OF COURSE, first I'll need my prime card, American Express or *Diners Club*, then a reserve charge card for more modest expenditure, Visa or Master Charge, then there are my airline executive club cards for the various services I'll be using, and, naturally, the cards that will identify me as a regular customer at my hotels.

"*I might want to cash a cheque, so I'll take my domestic cheque guarantee card for the airport before I go and my international guarantee card for while I am away.*

"*Now, where is that travel agency card that says I'm a corporate customer and can get 24 hour service? Ah, I nearly forgot the car rental cards without which I will have to fill up all those forms, and my driving licence.*

"I'd better take my telephone credit card, my Italian phone card, my International Air Passengers Association Card, my air travel card, my Press card, my business visiting cards . . ."

THE CARD game currently borders on the ridiculous, but it is difficult to see how anyone is *going to call a halt.*

The game started as a clever marketing *ploy to* encourage loyalty on the part of major customers. The airlines were *looking for some way of pulling* their regular, but not necessarily First Class, passengers away from air terminals crowded with holidaymakers. And *the car rental groups, most* aggressively spearheaded in the early days by Hertz and its No. 1 Club, were keen to win the battle of the fast getaways.

More recently it has been the hotels, where new club and card schemes are tumbling on to the *market place with remarkable* speed.

In deciding what they need to do to encourage loyalty, the providers of the cards have come to a variety of decisions and the consumer not wishing to be *burdened* down by them, is now in a position of being able to shop around.

The most frequent benefit, except in the case of the airlines, *is* clearly financial. Most, but not all, car rental and hotel cards produce some sort of discount.

Increasingly, however, even that is more complicated than it sounds with cards being issued to central billing accounts and and discounts being negotiated according to the size of that account.

Hotel *discounts* tend to run from a low of eight per cent to a *high of 20*, although many hotels give an automatic upgrade in room standards where *possible to card holders.*

Car rental discounts are in a somewhat higher range, with ten per cent being a basic norm and huge customers being well able to squeeze 30 per cent off the official tariff.

The major benefits to the card-holder in car rental tend to be some sort of guarantee of a car, speed of getaway, billing in your own currency on foreign transactions.

Sometimes the cards overlap. Holders of British Airways Executive cards, *for* example, can opt also to become part of the Avis card system.

The history of the Executive Club is a classic for the problems that can beset a card system. In common with most other European club card systems, the original BA card was intended as a reward for *regular* travellers.

Like Topsy it "just growed" and the airlines found itself with crowded Executive lounges being used by people who might once have qualified and were now difficult to cross off the list.

In the end, BA fired the lot, started charging *for its card* (£55) and introduced both extensive benefits (notably travel insurance) and a degree of exclusivity.

The Executive Club has been an impressive success, with now more than 30,000 members, with much more pleasant lounges and an airline secure in the knowledge that no-one is going to part with £55 a year unless they are indeed regular travellers.

The division between European practice and American still broadly *remains* in the form of the U.S. practice being for travellers to pay for their cards, and to receive them regardless of the regularity of travel, while the Europeans offer free clubs but, like British Caledonian, "police" them *with some ferocity* and *enforce* their frequent traveller requirements strictly.

"You have to be very careful," says BCal of its Chieftain Club. "*If* too many people are in it the whole thing loses its point."

Perhaps the difference between the airline cards and the others is that in the case of the airlines the club card is a reward for loyalty, and a bid to retain that loyalty, while the hotel *and car rental cards* are much more a positive bid to encourage custom—"look what you will get if you stay with us frequently."

It *is* extremely rare for hotels, for example, to charge for club membership although one British one, Comfort, does, and then gives a bundle of vouchers *to the buyer which* means he receives his money back, and more.

Another confusion in the card game is that some of them, *particularly* the car rental cards, are actual credit cards, while most are simply for identification. In the case of Trusthouse Forte, for example, there *is* a Silver Card which is issued to regular customers and gets the recipient an 8 per cent discount on the room rate, but which is not a credit card.

THF's major account holders, however, receive a Gold Card, which does allow credit and where the discount is paid on the monthly billing according to the amount of that bill.

Usually as far as most card schemes are concerned the lack of any real check on credit-worthiness means that the only cash risk is in offering holders a cheque cashing facility, normally *still* with the need *for* a cheque card and usually limited to £50 or £100.

The Keith Prowse Exp-o-tel group recently had a close look at hotel *schemes and came* to the conclusion that their proliferation *was* by and large a good thing.

"They represent good value from both the *hotel's and* the customer's points of view. To encourage brand loyalty, the major international hotel companies have had clubs for some time.

"It is significant that all the major British groups are now developing their *own schemes* in an attempt to win new customers and to retain their existing share of the market."

This particular *survey* came to the conclusion that the club benefits were more than just cosmetic—"Many of them show real financial savings for regular hotel users."

It is these real financial *savings that* corporate accounts departments *will* be seeking, even if the actual users are more influenced by room upgrades, club areas, gifts and drinks. It *is in this field* that the original cards, the credit cards, are making their big push at the moment. Around 90 per cent of most business travel expenses, from train and airline tickets to hotel rooms, car rental and *meals* can be charged to credit cards.

The credit card companies are *claiming* that by putting all these on a company-backed credit card, an employer can vastly improve *cash* flow, monitor expenditure, reduce *cash* advances and generally save money while keeping a better grip on things.

Whatever the validity of this argument it is clear that the age of the card is only just getting into *full swing*. No wonder you could forgive the average business traveller today for calling out: "Porter, carry my cards!"

Despite the surge in hotel, car and airline card schemes, it is clear that the age of the card is only just getting into full swing . . .

There are now around 750m plastic transaction cards in circulation worldwide . . . and the range is increasing rapidly

Worldwide use of credit and charge cards now exceeds $120bn a year, while travellers cheques amount to well over $35bn.

Money transfer systems improve

A CURRENT television commercial for one of the major credit card companies shows a bewildered couple trying to pay for petrol in a small American mid-west town with the "wrong" credit card.

When it is clear that they cannot pay by other means, the *filling station attendent*—a lumbering hulk of a man—*tips the car over onto its side* so that the petrol flows back into the pump. The commercial fades away by ramming home the point that not all credit *cards* are accepted everywhere.

Although obviously aimed at the holiday traveller, this *heavy-handed warning about* acceptability of credit cards overseas can be of equal worry to the business traveller.

The business traveller, moreover, has other worries: he may need larger amounts of cash or credit than is normally *allowed on a normal* credit card to help smooth the clinching of a special deal. Travellers cheques may be *one answer*, but there may be others.

Another potential headache starts next month when the major UK banks will no *longer* accept bank *guarantee* cards for cheques cashed overseas. This is because of the high level of cheque fraud, not only in the UK but overseas where *it is* even harder to keep under control.

The banks have responded to *this problem in various ways.* Midland Bank has decided to issue Eurocheques which can be used in the UK and on the continent.

These cheques will be accompanied by a more tamper-proof guarantee card, so the limit per cheque will be *raised to £75.* They are likely to be no more expensive to use than Sterling cheques, unless the cheque is written in a foreign currency when a 1¼ per cent handling fee will be charged.

Mr John Brooks, Midland's deputy group *chief executive* says: "Over 80 per cent of the 19m British residents now travelling abroad each year go to Europe. Our decision to join the Eurocheque Scheme will provide Midland customers with the benefit of the best money transfer systems available on tha Continent."

Barclays scheme

The *other major* clearing banks have not adopted Midland's solution but instead plumped for the Barclays system—already used for some years—of issuing special encashment cards to be used overseas with standard UK chequebooks.

Eurocheque turnover, in fact, was estimated about $150bn in 1981, while the world use of credit and charge cards totalled some $120bn.

It would be hard to imagine many businessmen nowadays travelling abroad without some *type of credit card in their* wallets. It may be that the businessman is using one of his own cards—planning to settle up with tha company accountant on his return—but more usually tha frequent business traveller will have use of a company card. These not only ensure that the business traveller does not get his personal finances askew, but it also gives his company a detailed *record of* expenses incurred during the trip (not every travelling executive *welcomes this!*).

Company credit cards are also a better bet for the issuing card company, since companies usually have a sounder financial *basis on which to pay* the outstanding amounts.

Credit cards are generally *very widely accepted*, especially in the sort of hotels and *restaurants* that business travellers are likely to use. (Indeed, many hotels prefer *payment by credit card* rather than cash.)

The three main UK credit cards are Barclaycard, Access and Trustcard. Both Barclaycard and Trustcard are members of the international Visa network which gives them access *to over* 3.5m outlets world-wide as well as over 125,000 banks displaying the Visa sign. Access is part of the Mastercard network of over 4m outlets *and* some 60,000 Eurocard/Mastercard banks.

In addition, there are charge cards such as American Express—with over 600,000 world-wide outlets—and Diners Club (about 500,000 plus outlets).

'Gold Card'

American Express has joined up with Lloyds Bank to produce a "Gold Card" which, like the traditional green version has no credit limit in theory and *also has* access to a large unsecured overdraft with Lloyds. Minimum salary to qualify for one of these cards is £20,000, although the average is nearer £35,000. Barclays offer a similar version, called the "Premier" card, while Midland has a gold "Mastercard."

The main advantage of using charge cards is their lack of a credit limit (such a limit applies to normal credit cards and could prove embarrassing if the limit is reached on a travel assignment). However, charge card holders who suddenly start charging heavily might find themselves subjected to a *proof of* identity check.

There are also some potential drawbacks to use of credit cards. There is tha risk, for example, of the exchange rate moving *against* you between the date of purchase and the day the transaction is processed by tha credit card company.

Apart from credit cards, the main method of taking money abroad for businessmen is still travellers' cheques. These have a *somewhat old-fashioned* air about them—they have been around for a long time—but they have some advantages for the business traveller.

For *example, they do* enable the harassed executive to keep an instant check on his spending while abroad to see whether or not he is going above budget for his trip.

Stolen cheques, moreover, can usually be replaced by the issuing bank within 24 hours. They can also be more acceptable in *some parts of the world* which retain a suspicious attitude towards credit cards.

One alternative to travellers cheques is simply to take cash abroad and insure against its loss. Such insurance can often cost less than the commission charged on cashing a travellers' cheque. Moreover, cash can be a very useful asset in some countries for the businessman who needs to mova fast to make his trip worthwhile.

David Churchill

BUSINESS TRAVEL IV

Competition among airlines has never been more fierce, as Michael Donne reports

It pays to shop around for airline tickets

FOR THE business traveller making long-distance journeys throughout the world, it now pays handsomely to "shop around" for the best deal available

Competition among the airlines, during a period of severe recession, to attract the travellers prepared to pay premium rates for their journeys—either in first-class or "business" class (although the latter is called by many different trade names by the various airlines)—has never been more fierce.

There is now hardly a single glossy magazine or quality newspaper in the UK that does not contain an advertisement enticing this privileged class of customer to sample its particular wares, and there is now little doubt that for the traveller prepared to take a little time and trouble to compare the various offers, the rewards in greater comfort and quality of service can be considerable.

They range from subtle differences in "seat pitch"—the distance between the top of one seat and the one immediately in front of it giving a variety of leg room distances—through to comparably subtle differences in seat-widths, which can make all the difference in the world on a long journey.

In some "business" class cabins, the number of seats abreast is also of importance. On the Trans World Airlines' Ambassador Class on 747s, for example, the seats in the cabin, immediately behind the first-class cabin, are only six abreast—two, two and two—and, moreover, the seats are not the revamped economy-class seats that some airlines still believe they can get away with, but full first-class seats brought back to the business travellers' cabin.

The first-class traveller, paying the full premium fare, receives an even better deal, of course, with reclining "sleeper" seats, with much more space and an even higher level of in-flight cabin service.

On some airlines, especially those using Boeing 747 Jumbo jets on long-haul routes, the small upstairs cabin is turned over to business travellers—as is the case with British Airways. Fortunate indeed is the business traveller who has a seat upstairs on a BA Jumbo, for there, not only is the atmosphere quieter than in the gaping cabins downstairs, but also the traveller is much closer to the upstairs loo, which is in itself more spacious than those downstairs, lending an even greater feeling of privacy to the situation.

By comparison with TWA, however, BA's seats are much less spacious and comfortable, especially for the bigger (physically) traveller.

Variations

The quality of cabin service varies immensely between all the airlines. On some carriers, it is not far removed from that of first-class service, while on others it edges downwards to the less inviting levels of economy class, something which the glossy, coloured advertisements often do not reveal.

This element of in-flight service is something that one has to experience for oneself, learning (perhaps sometimes bitterly) from experience. But it is always worth inquiring from either travel agents, or in-house company travel managers, or even directly from the airlines concerned, as to the precise elements of in-flight service offered, because of the immense variety on offer.

Similarly, the level of ground service varies widely, and in some cases is excellent (again, TWA, with its advanced check-in and seat allocation system, enabling one to determine where one is going to sit before even arriving at the airport) while in others it is utterly abysmal, with no separate check-in facilities at all, and minimum other benefits, such as special lounges in which to wait.

Some airlines offer especially significant benefits. Pan Am, for example, offers its first-class and Clipper (business) class passengers to New York either free limousine or free helicopter travel between Kennedy and downtown Manhattan.

Similarly, there are variations in fares, according to season (low, shoulder or peak) and according to class of service (Super Club, Club, and so on). The current business class return fare is £438 single, or £876 return.

But at the same time, there can be some variations. TWA, for example, is planning to offer a "day-return" rate in its Ambassador (business) class of £499 return, available for Britons only, travelling to and from the U.S., who buy their tickets in the UK.

For travellers on long-distance routes (not the North Atlantic) to other destinations world-wide, it is possible to "shop around" for fares that can vary substantially from the officially prevailing rates as agreed by the International Air Transport Association or even between governments.

Whatever an individual's private views may be about ticket discounting—selling airline tickets at rates lower than the official levels—or about "bucket shops," the retail outlets for such tickets, they do, however, make it possible to fly to many parts of the world at substantially cut rates.

While many of the airlines publicly proclaim their disenchantment with discounting and with bucket-shops, and declare their determination to stamp them out, they nevertheless privately continue to endulge in discounting, and some do pass stocks of tickets over to the bucket-shops.

Every business travel manager either already knows this, or should know it, and by discreet shopping around can probably find a valid ticket for business class to, say, the Far East, Middle East or elsewhere at a price well below the prevailing official rate.

The ethics of using bucket-shops or buying discounted tickets is a matter for individual companies or businessmen to judge for themselves, but there is no doubt whatsoever that the practices exist, and indeed even flourish on some routes, although on others have already been eliminated.

What emerges from all this is that while some airlines have learned that their business travellers are worth cossetting, others still do not appear to have understood that they even exist, with the emphasis still being placed on the low-fare, economy class traveller.

During the recession, which has substantially reduced all levels of traffic on long-haul routes, business travel has held up surprisingly well, and on some routes has actually increased. So much so on the North Atlantic sector, for example, that at least two new airlines have been encouraged to introduce business-class services on the route between the UK and the U.S.

Lower fares

People Express, which has generated a substantial volume of publicity for its low-fare domestic operations in the U.S., is now planning to start low-fare flights five-times weekly between Newark, New Jersey, and Gatwick, this summer, using a Boeing 747 Jumbo, at a $149 (£97) single "coach class" rate, but with also a $439 "premium" class, that is intended to equate in style with the various business-classes on offer from the other scheduled airlines on the route, but at a lower rate.

The $439 (£286) premium class single fare, for example, will compare with the transatlantic business class single rate on other airlines of £438.

Also, later this summer, a new UK airline, British Atlantic Airways, is planning to launch an all-business class service across the North Atlantic between Gatwick and Kennedy Airport, New York, twice a week each way, at a return fare of £599, which will be substantially below current business class fares, with in-flight service that British Atlantic claims will be "second to none in the business."

Both People Express and British Atlantic have yet to have their plans approved by the Civil Aviation Authority. Since People Express is a U.S. airline, already designated on the route by the U.S. Civil Aeronautics Board, it seems likely to get its reciprocal designation from the UK without too much difficulty, including approval of its fares.

British Atlantic, as a UK-proposed airline, must run the gauntlet of a public hearing before the Civil Aviation Authority, as a result of opposition to its plans filed with the authority by British Airways, British Caledonian and British Airtours.

The public hearings have been set for May 18, 19, 20 and 25 and 26, and will afford an opportunity for the other airlines, and the public, to learn more about the plans of an airline which hitherto has been elusive in publicising them in detail.

Glyn Genin

Japan Air Lines Boeing 747s at Narita Airport, Tokyo. JAL will soon operate the world's largest 747 fleet

Small 'feeder' airlines provide key links between regions

Lynton McLain examines the growing role of commuter airlines in business travel.

THE GROWING number of small feeder airlines throughout the world makes an important addition to the range of options available to the business traveller. They provide an often essential link between outlying regions and major airports and are important contributors to the financial health of the larger long-distance airlines through interlinking connections.

In the U.S. these feeder airlines, also called commuter airlines, have grown rapidly in importance, especially because of the economic pressures faced by the larger airlines. All airlines in the U.S. have faced the twin pressures of rising costs and increased competition arising from the deregulation of air services. The larger airlines—with their greater infrastructures, higher overheads and big aircraft with their demands for high load factors—have suffered most.

Some of the airlines have been forced to drop routes which have proved to be uneconomic under the new and harshly competitive environment. This has opened the door for the smaller carriers, with tighter operations, smaller aircraft and only a limited number of routes.

These commuter aviation services are nevertheless scheduled airline operations, often providing the only rapid link between local communities and the larger international airports.

In Western Europe the feeder or commuter services are often known in the circles of governments that try to encourage their growth as "cross-border regional air services," or as "third level" airline services. This description distinguishes the feeder airlines from the larger short-haul and long-haul domestic and international operations of the main airlines and from the wider arena of general aviation.

In Europe the scale of operations of the small feeder and commuter airlines is illustrated by the performance of the members of the European Regional Airlines Organisation. Last year the nine members of the organisation carried well over 1m passengers and almost 650 tonnes of air freight. Their flights carried a total of 589,731 passengers from small regional airports to the major cities of Europe, including Vienna, Stockholm, Nurnburg, Zurich, Friedrichshafen and Innsbruck.

The members of the organisation include Aquair of Munich; Austrian Air Services of Vienna; Brit Air of Morlaix, France; Crossair of Zurich, Switzerland; Delta Air and Flight Travel Service of Paderborn, W. Germany; Swedair of Stockholm; and Tyrolean Airways of Austria.

In Britain an estimated total of 15 feeder and commuter airlines operate from regional bases such as Norwich, Humberside, Leeds/Bradford, Bournemouth-Hurn, Plymouth, Liverpool, Manchester, and Newcastle. The number of routes served is relatively modest in relation to the scale of commuter airline operations in the U.S.

Nevertheless, the Trade Department and the UK Civil Aviation Authority estimate that up to 1,500 potential routes are available to small UK airlines under existing bilateral agreements with countries on the Continent.

Many of these cross-border regional airline routes have not been taken up because passenger demand has simply not been demonstrated or because the costs of setting up a small airline operation have proved to be prohibitive.

A further obstacle to the rapid development of cross-border regional airlines in Europe is the difficulty the governments who are party to the bilateral agreements have had in agreeing to a more liberal licensing regime.

The UK Government is one of the firmest advocates of a more liberal approach to the licensing of routes for these small airlines. In particular the Government wants to see less bureaucracy and greater simplicity in the process for gaining approval for licences.

The Civil Aviation Authority (CAA), however, regards the room for manoeuvre as limited. Its duties are bound by Parliament under the Civil Aviation Act, 1982, and it believes that there is already practically no limitation on the granting of licences on new routes. Mr John Dent, the chairman of the CAA, said in a speech earlier this year that the limit is passenger demand to justify the new routes.

The regulation which the Authority does apply is in situations where an airline wants to operate in duplication with another carrier or in place of it.

A review of domestic air services regulation in Britain has been completed by the CAA and is under consideration by the Trade Department in London.

The necessity of an airline proving its financial soundness before a licence is granted has nevertheless not stopped a wide range of small airlines emerging on routes in Britain and to the Continent unserved by the major carriers like British Airways and British Caledonian Airways.

Typical of the small carriers in operation is Genair based at Humberside airport. The airline operates in association with British Caledonian Airways Commuter Services and has services from Belfast to Teesside; Birmingham to Liverpool and Norwich; Coventry to London Gatwick; Esbjerg, Denmark to Glasgow, Humberside, Gatwick, Heathrow Airport, London Norwich and Teesside.

It also offers services from the Isle of Man to Leeds/Bradford, and from Jersey to Humberside and Liverpool to Newquay.

In the south of England Metropolitan Airways, in association with Dan Air, links Bournemouth with Newcastle, Manchester, Birmingham, Cardiff, Gatwick, Alderney and Cherbourg in France. Most of these mainland routes were once served by Dan Air using large capacity uneconomic aircraft. Metropolitan Airways uses the 20-seat de Havilland of Canada Twin Otter commuter aircraft.

The association between the small feeder airlines and the larger more conventional carriers is often on routes the latter have dropped because of the larger airlines' inability to make the routes pay with their existing large aircraft.

Hugh Routledge

The main weapons in the highly competitive car rental business tend to be price, availability of vehicles, the quality of cars and the ability to deal with problems. Above: the Hertz Rent a Car depot at London's Heathrow Airport

UK rates seem to be edging up, but are still relatively inexpensive, says **Arthur Sandles**

Hectic marketing year for car rental groups

IN THE U.S. the car rental market bas been totally disrupted by the give-aways war, under which individual renters are rewarded with all manner ef products (usually baggage), fer their custom.

In Europe, however, the battle so far continues en more conventional lines and, unless someone becomes desperate, is likely to ge on thet way.

While American customers are wooed by ever-more expensive gifts, in the rest of the business world the appeal tends te be on levels of service, geographic coverage and, inevitably, price.

The British market is fairly typical of the world pattern of the business.

There are some 677 organisations in Britain which are sufficiently involved in the vehicle rental market to join the trade association, and yet of those 677 the average business traveller would be hard-put to it to think of more than six names — Avis, Budget, Godfrey Davis Europcar, Hertz and Swan National (given, deliberately, in alphabetical order) along with a big regional company, say Mitchells in Scotland.

The major names control a little under half the total market, but almost certainly this is the plushiest end of the business and notably bookings that originate at airports, in major city centres and at rail terminals.

In name terms, the market has changed little over the past ten years apart from the coming-together of Godfrey Davis and Europcar. However, there has been a period of swings and roundabouts.

Burgeoning

A decade ago it might have seemed that Hertz and Avis would sweep away the local opposition. In fact, Godfrey Davis quietly hung on to its market strength and the late seventies saw the burgeoning of a local newcomer, Swan National.

The past couple of years has seen something of a comeback by the American majors, whatever their problems on their home ground. Now the UK seems to be in the unusual position of having all four market leaders relatively lean and healthy at the same time. It looks like a hectic marketing year ahead.

While business custom will form the main battle ground over the coming months, the weapons will tend to be price, availability of cars, the quality of those cars and the ability to deal with problems.

Mr Frank Olson, who heads Hertz says: "Your price has got to be right, your product has got to be right, and your service has got to be right. That means investment, every year, in the fleet, in buses, in reservation facilities, in turn-around facilities, in maintenance facilities and in people. So the pressure stays on.

"Do it right or lose market position." Maximise today's profits by minimising those investments is the worst possible mentality in our business because, over time, we would lose business."

To most eyes, the annual investment level is indeed huge. GDE (Godfrey Davis Europcar) recently placed orders worth £85m for cars this year for a fleet which peaks at 8,000 vehicles in the summer months.

Rate structures

The persuasive talents applied to the renting of these cars is considerable. GDE has gone as far as working out that companies could get more work out of their executives if they used fly or train-drive and thus work en route.

"An executive travelling, say, 20,000 miles on company business, if travelling at an average of 30 mph, would spend 667 hours a year merely getting to and from appointments.

"This is equivalent to 83 working days, or 17 weeks, which can represent 40 per cent of the executive's total working time."

Persuasive as that sort of argument may be, what has often put renters off the larger companies is cost. Now they are all adjusting their rate structure to battle on a variety of fronts.

"We have got to get the rates right for three types of renters," says Avis. "There are the people who simply want to rent locally and return the car to the same place; then there are those who need the one-way rental facility and other services. And, of course, there is the international market."

Inevitably, the real target is the small rental companies.

Small should not be regarded as synonymous with bad. Many of these local companies, some of them franchise holders from larger organisations, are, in fact, very efficient organisations offering excellent service to a local catchment area and frequently doing so as part of an overall deal which includes the sale and servicing of company fleet cars and, possibly, private vehicles as well.

Nonetheless, many of them are now feeling the full brunt of the assault by the major groups, which are almost universally offering attractive base-to-base rental terms and particularly trying to capture the weekend leisure market which is such a key to week-round car usage and, thus, overhead spreading.

Overall, however, car rental rates seem to be edging up which, if it can be sustained, will be good news to the companies.

Mr Freddie Aldous, chairman of Swan National, has been pointing out for months that in European terms UK car rental is relatively inexpensive when you compare the cost of the vehicle with the daily rental rate.

"And the service we offer, and I mean the industry, is second to none. You try getting cars delivered to your office in the States! They just laugh at you. Here, its all part of the service."

Aldous is something of an industry champion, leaping to the attack on behalf not only of his own company, but also his colleagues. Last year, he was among the most vocally furious when discounting broke out among car manufacturers, wiping hundreds of thousands of pounds of the UK rental pool value and sending second-hand car prices spiralling. At one point last year, the average car in most fleets was depreciating at as much as £90 a month.

That alarming period seems also to have worried some corporate pool owners, and the rental companies are hoping that more of these will drop the cars that many of them run and turn instead of rental.

"These cars often sit around, under-used, badly maintained and with low residual values," says GDE, which suggests an annual cost of £2,500 for a pool car, a price which would buy a great deal of car rental.

Another area of attack comes as a result of the growth of the mileage allowance for personal car use.

Normal level

Around 26p per mile is a fairly normal level in the UK, and some companies go much higher. This again makes car rental competitive, but also controllable in that there is no risk of the user being over-optimistic about the miles actually covered.

The car rental companies go into the main selling season of 1983 in rather more optimistic mood than they were a year ago. No one is expecting a huge increase in business and most are looking to the predicted modest rise in U.S. traffic to the UK and to winning e little more market share from each other for their growth.

At the same time, the settling of the car market which will mean a higher degree of predictability over depreciation costs could actually help profitability.

One thing that no one wants to see on the European side of tha Atlantic is a "gift war." But, as one non-rental British executive said of that in New York recently: "If the rental companies could not stop it, the tax man would. He would step in and start assessing the value of all those bags, straight away — and the drivers would suddenly be less keen on the idea."

BR has seen some switching of first to second class, says **Hazel Duffy**

Railways adapt to changing needs

RAIL TRAVEL for the business person tends to be most attractive over medium-length distances—100 to 200 miles. Belew these distances, the railways find it much more difficult to compete with the car. And on longer distances, the airlines begin to offer time advantages.

In making the decision as to the most convenient mode of travel, the business person will be influenced by factors such as the opportunity to use the journey time for working, eating, or even sleeping—all possible on the train and without the tedium of having to travel from city centre to airport. These advantages are emphasised heavily by the railways' advertising campaigns to attract and keep the business person.

Business travel is important to the railways. British Rail estimates that it accounts for 30-35 per cent of all travel, and as much as 40 per cent on routes between London and the West Midlands, and the North West. In revenue terms, business travel yields about £150m eut of Inter City's total £400m annual turnover.

First-class travellers are particularly attractive for the railways, although BR estimates that 60 per cent of business travel uses second class.

Business travel is much less price-sensitive than leisure travel, as some 90 per cent of people travelling on business having their fares paid by their employers.

BR has seen some switching of first to second class by business travellers during the recession, although the main impact of the recession has been simply that people are not travelling as much. First-class travel accounts for about 6 per cent of total Inter City volume (10 per cent of value) against 10 per cent three years ago.

The railways are keenly aware that their valuable business travellers can be lured to the motor car over shorter distances, or to the airlines over longer journeys, if they do not offer the right service.

German Railways believe firmly that their "clock face" timetabling, whereby 35 cities have Inter City services leaving at the same minutes past each hour throughout tha day, is a valuable attraction. A business person in those cities knows the departure time without consulting a timetable.

Diary guide

BR launched recently its first Inter City Executive guide, a slim diary-sized guide and timetable which was mailed to 150,000 business people, which it hopes will be carried around like a diary by the business person. The routes are displayed graphically at the top of each page, and the timetable itself is much easier to follow than normal rail guides.

Punctuality and the ability to run services in almost all weathers are key advantages offered by the railways. But the business person also wants comfort and conveniences, particularly for a first class fare.

Catering on trains is regarded frequently as a loss leader: BR provides catering on most Inter City services, although French Railways, for instance, tends to restrict catering to meal times.

The Japanese Shinksen routes, heavily used by business travellers, and the new high-speed TGV services in France, provide airline-style catering at the seat. BR is unsure whether to follow this procedure on some routes, although it has introduced lighter buffet-style meals on some services.

The "great British breakfast," however, is likely to stay at least for the next few years. BR market research shows that some business people continue to want full meals in spite of the changes in eating habits over the years and indeed, many business people may actually choose the train in order te have a meal.

Speed is not always the first priority of the business persen. On timing, the railways cannot compete with the London-Scotland air shuttle services, but they can compete on service.

New air-conditioned sleeper coaches have been introduced on tha London-Glasgow-Edinburgh - Aberdeen - Inverness routes, which will be extended to include Perth, the North West of England, Newcastle and the South West later in the year as part of e £60m sleeping car replacement programme.

Demand for sleeper services has fallen during the recession, but the public outcry when BR said it would withdraw sleepers from Manchester and Liverpool led to a two-year reprieve, to be assessed in the light of future demand.

Speed may not always be the priority, bet the railways have demonstrated that—over certain distances—they can win business travel from the airlines. The TGV has done this very successfully on the Paris-Lyons route, where Air Inter's loss of competitiveness has been reflected in sharply reduced earnings on this route. When the rail journey time is cut to just under two hours, later this year, the rail advantage will be even more clear.

The introduction of the TGV on Paris-Lyons-Marseilles-Geneva routes has released some of French Railways' modern "Corail" rolling stock for other routes which has made them more attractive for business travel. BR recently put High Speed Trains on the London Midland routes and has thereby earned e similar increase in passengers.

Glyn Genin

"The train now levitating at platform one . . ."—the shape of things te come in Japan, where high-speed "shinksen" (bullet trains) link major city centres, while experiments (above) are being carried out with linear induction-powered trains, with operating speeds of up to 500 kph

There has been a trend, however, for the prestige TEEs—Europe's all first-class inter-city trains—to be downgraded into first and second class in response to the fall in demand for first class travel. Several TEE services through France have been switched to Inter City services, although Paris-Brussels-Amsterdam and Paris-Lille TEEs are still producing good loads.

German Railways has withdrawn its TEEs, except for the "Rheingold" Amsterdam-Basle, which will split at Mannheim—one into a slower, tourist-type train, and the other retaining its high speed.

Rheingold

German Railways is promoting this service in a deliberate attempt to test the market fer quality and the public's willingness to pay a premium for quality. German Railways is more premium-conscious than BR—all German Inter City services carry a supplement, whereas the Manchester Pullman is the only supplement service run by BR.

The recession has forced the railways to put the pricing and marketing of business travel under closer scrutiny. BR is considering the introduction of discounts for business houses which take e quantity of first-class space, while new advertising has been prepared to make greater play ef the whole Inter City concept.

German Railways is looking very closely at tha marketing of all its passenger services and the French keep a close watch on promotions for business travel. The value of the business traveller has become all the more marked by the recession and his needs the more closely studied.

Arthur Sandles looks at the role of specialist travel agencies

In-plant: the new buzz-word

"IN-PLANT" is the current buzz-word in the esoteric world of business travel houses. Beware the travel agent trying to burrow into your corporate entity.

Over the past decade, specialist travel agencies bave been enormously successful in wooing the business travel sector of the market into their hands.

The demarcation between leisure travel and business travel is now considerable, with most larger companies channelling their custom through agents who in turn are exercising greater and greater power over airlines, hotel groups and other travel suppliers.

The stage has now been reached where companies or individuals with even modest travel budgets regard their leisure and business travel purchases in much the same light as their domestic and office furnishing demands—totally separate.

Alongside the development of specialist travel agencies has also grown the travel manager, a company employee wbose job it is to ensure that the organisation is getting best value for its money and maintaining some form of discipline over staff so that corporate travel policies are observed.

There is a tendency now for travel agencies to suggest to companies that tbey could even take over this role. There are strong arguments in favour, but before looking at them it is also worth looking at the motives behind any move to make your company the next candidate for an inplant.

An in-planted travel agency is clearly psychologically more difficult to shift than one which is at arms length. One of the aims of the in-plant is also, and this is not necessarily a bad thing, to get to grips with commission sources, particularly car rental and hotel bookings which sometimes slip away into direct bookings as a result of corporate loyalty schemes operated in those fields.

The reason that this latter objective is not necessarily a bad thing is that your buying power, added to that of the agency's other clients, might actually win you a better return.

The in-plant operation can take two forms, either the agency supplies the staff and entirely takes over the operation, replacing the travel manager, or a deal is reached whereby your own staff continue to be used but are in effect leased to the agency which then passes back some ofthe commission earned to help pay for their services.

Attractions

The two great attractions which specialist houses will offer administrators is a cost-saving, and close supervision of expenditure. A good agency should be able to provide a regular detailed and easily-read listing of travel demands by staff, a listing which will not only show where the money is going, but also highlight staff who refuse, for some reason or another, to observe corporate travel rules by selecting a superior hotel or flying at a time when the air fare was higher.

For users of the travel services, however, the facilities can be very much wider. Cosseting seems to be the name of the game. Just look around at Heathrow or JFK these days and you will spot the neatly uniformed, clip-board carrying representatives of the world's major business travel organisations, fussing their clients through the torment of the terminals.

There they are, providing visas, fixing cars, organising tickets and even whisking their charges away for a coffee and a *little quietness.*

The stakes are high. Commission levels to groups which can generate large amounts of business soar, enabling successful agencies not only to offer their customers a decent rate, but also be respectably profitable themselves. No wonder the very whisper that a corporate account of any size might be on the move, or coming onto the market for the first time, will provoke a wave of colourful brochures and earnest salesmen.

Winning an account is very much a matter of offering the most for the least. One British major, Hogg Robinson, talks of the necessity to go through company travel records with a fine tooth comb in order to spot savings and offer improved services.

An account can easily be won over the finance director's desk, but it can just as easily be lost by inefficiency which upsets the actual users of the service.

Costs and supervision remain crucial, however.

"Commercial houses are now demanding that their agents take the initiative and make positive cost cutting suggestions," say Wakefield Fortune.

That message seems to be drummed home almost everywhere, with several of the larger agencies constantly reminding their clients of the cheaper fares available on airlines and the discounts they can obtain in hotels.

Pickfords has its "Pricesavers"; Lunn Poly has its impressively comprehensive "Fare Deal." Thomas Cook boasts of a "special fares unit whose prime function is to negotiate fare savings with airlines" and is locked in constant combat with American Express over just who is biggest and, hy implication, best.

Universally travel agencies are deep into new technology, giving them the facility not only of rapid access to both information and reservations bnt also the ability to record and recall travel patterns of corporate employees.

The travel business has come a long way from the time when an agent was someone with a wall peg-board and a pile of timetables.

But beware. Now he is trying to move into your office.

Worldmark Travel's reservation centre in Wigmore Street, London. A part of the Hogg Robinson Group, Worldmark handle around £20m worth of business travel a year

AIRLINE 'INCH WAR' HOTS UP IN U.S.

NOT SINCE the miniskirt and 100 mm cigarettes have inches counted so much. British Airways opened the controversy with a nearly full-page ad claiming the widest seats in business class, 3½ ins wider than TWA and 5½ ins wider than Pan Am.

Designed expressly for British Airways' Super Club class, the seats and service are the first advertising campaign for the airline done by their new agency, Saatchi and Saatchi Compton Worldwide, according to Mr John Lampl, British Airways' deputy public relations manager in New York.

Mr David Venz, director of public affairs for TWA, claims that his airline uses TWA's first-class seat that was moved to their Ambassador business class when first class got sleeper seats. So successful has TWA's business class been, he added, that last autumn it was put on all domestic wide-body routes, with a fare only $10 to $30 above full-fare coach.

Passions run high in the airline industry these days, as frayed nerves work on transferring a devastating four-year rate war into less sensitive competition in other areas, like seat widths.

The first break in the protracted air-fare war occurred last month when American Airlines announced a revamped rate schedule based on distance with the elimination of what became hundreds of competing discounts.

Quick acceptance of the plan by major airlines like United, Eastern, TWA, Western and Republic made the industry look as though it would return to its healthier days before deregulation.

Pan Am is a major holdout in this rate plan, proposing fares that undercut the other airlines by as much as 52 per cent on some routes.

In addition, the new arrangements discount the influence of the new small airlines that continue to provide bargain fares, like People's Express' proposed $149 fare to London.

Though these lines have not gone after the business market, People's is offering a $439 premium fare to London that, applied domestically, would [illegible] competition in dollars, not inches.

Frank Lipsius

Electronic gadgetry provides new sophisticated information services for American business travellers, as Frank Lipsius reports from New York.

Information at high speed

THE ELECTRONICS age has served the business traveller with handy alarm clocks, coded door locks and even portable *personal computers, but something* meant specifically for a travelling businessman is only just now landing at American airports.

Following a two-year prototype experiment at La Guardia in New York, Business Information Services booths are being installed in a nationwide network of 60 cities, starting with Atlanta.

At its most sophisticated, the booth will provide computers and continuous scrolling video news, along with automated teller machines from which travellers can extract cash with their credit cards. All the booths will have the money machines and the best travelled airports will also have the computer and news services which will cost the traveller nothing to use.

BIS Communications leases the space from the airports and instals and maps the walk-through stalls. The time that the executives have to wait to get on a flight is the medium being sold by Mr John Bonanno, company president.

"We don't want Coca Cola advertising here," he said. "We want services that business people are interested in."

He is negotiating with computer companies such as Wang, information services like the New York Times Information Bank, and hopes to attract companies willing to provide, for example, commodity prices, foreign exchange listings and the Denver penny stock market quotations.

The advertisers are betting that executives who might otherwise shy away from computers will enjoy getting their own share quotes and other handy bits of information out of them—and eventually want their own. Personnel manning the booths will help call up the information and provide further literature on the equipment and services.

Electronics are making their way into new hotels not so much to impress executives as give them all the comforts of home—and office. The Nova-Park Gotham in New York, which expects to set new standards of elegance (and has already set a less welcome record for miscalculating hy at least a year their renovation and reopening schedule), will impress some guests as much for the two 'phone lines in each room as the hotel's six restaurants, ten bars, and two-storey rooftop gymnasium.

Link-ups

Flashier gadgetry will be featured in the rooms that Swiss hotelier René Hatt has designed to illustrate his "philosophy of happiness." A sophisticated interactive video phone will allow personalised wake up calls for guests asleep in Hatt's unique open plan rooms where bathing facilities are integrated into the living quarters.

The hotel's audiovisual centre will make 350-400 films available on the guests' 70-channel television sets.

Equally important, the security and fire systems are linked to the rooms' televisions and can provide emergency information even when the telly is not on.

Electronics has belped a hotel like the six-month-old Remington in Houston to specialise in services for the chief-executive-officer or small business group. Rather than try to attract large conventions, the Remington features facilities that offer the ultimate service to one or two dozen people needing an intimate setting, a board room or high-level meeting place. Calling the lobby "the living room," Guenter Richter, hotel operations vice-president for Rosewood Hotels, which owns the Mansion on Turtle Creek (Dallas) and the Bel Air in California as well as the Remington, noted that local companies have also hired the meeting rooms because of their superior facilities emphasising ease of operation on their 100 in Sony television monitors.

The technological wizadry of the Pierre Hotel in New York is limited to the old vacuum cleaning system that runs through the walls like the pneumatic messenger tubes of Paris. New hotels may have an advantage in providing the latest facilities but that does not concern George Schwab, the managing director of the Pierre, who feels his hotel's reputation is well-established with a clientele that go there to get what the Pierre has to offer.

"The businessmen bring their wives and do very few things that are strictly business. We are refurbishing two-thirds of the guest rooms and renovating the kitchen, providing the things that people expect to find at the Pierre," he says.

Even in their new hotels, the Four Seasons group, which now runs the Pierre along with 17 other hotels in Europe and North America, is approaching the technological revolution with caution.

According to the senior vice-president, Mr Dan Oberlander, the group tried a pilot teleconferencing project between Toronto and Montreal which left them with "mixed feelings."

"We found people intimidated by satellite communications. They're also expensive, and the channels that are hired can be pre-empted for other programmes. So you can spend a lot of money and not get anything for it. But when the market demands it, we have the ability to provide it," he says.

Inter-Continental Hotels have put million-dollar conference rooms in their New York and London hotels to provide teleconferencing at $16,000 an hour for full video transmission and $2,500 for freeze-frame communication, looking like a transatlantic slide show that changes every 80 seconds.

Expectations

According to Mr Joseph Smyth, Inter-Continental's senior vice-president for marketing, the rooms are booked two or three hours a day by companies expressing an initial interest, which be expects to expand quite considerably over the next 18 months when full transmission is likely to cost what freeze-frame costs today.

The Travel Management Services inaugurated this year by American Express brings the computer into corporate travel budgets and expenditures.

Meant primarily for the few hundred multi-national corporations that spend more than $25m annually on employee travel, the service has already saved Burroughs Corporation 20 per cent on its air travel costs by negotiating fares and supervising card charges to prevent employees from violating company policy on expenses.

With American corporations spending an estimated $72,000m in 1982 on travel and entertainment expenses, business travel continues to attract a wide variety of services combining business and leisure.

As Mr Guenter Richter of Rosewood Hotels says: "Our guests should be able to ask for anything or everything. I ask only that their assistants let us know in advance."

It is now becoming feasible to obtain it all under one roof. Having filled home and office with equipment, games and gadgets of every sort, the electronics industry is now meshing home and office to provide the premium elements of both for the unique demands of business travel.

The electronics industry, via the video screen, is now linking homes and offices in the U.S. to meet the unique demands of business travellers

Robert Cottrell highlights Hong Kong's advantages as a base for business travel

The best base in the Far East

ON THE basis that a business traveller is looking for an English-speaking city with working telephones, a surplus of good hotel rooms, and frequent regional air connections, Hong Kong is probably the best base from which to cover the Far East.

The Asean capitals, Tokyo, Taipei and Shanghai, are within a comfortable day's flight, while the weakness of the local currency, unsettled by political worries, makes Hong Kong particularly attractive to travellers paying in U.S. dollars. Even groggy sterling has managed to maintain a reasonable exchange rate.

America and London are both some 18 hours away, with most London flights offering a gulf stopover, most U.S. West Coast flights a Tokyo one, though Pan Am flies the latter route direct. Allow a good two days to overcome jet lag. Hong Kong is a frantic place even for those in the best of spirits.

For doing business in Hong Kong itself, the best hotel to stay from both a prestige and convenience point of view is the Mandarin, in Central District on Hong Kong Island. The Hilton is equally convenient, but with little of the Mandarin's style.

For a one-night hopover, the newly-opened Airport Meridien Hotel adjoins Hong Kong's Kaitak Airport, and connects directly with the passenger terminal via a walkway. The food is good, and noise-worriers may be reassured that Kaitak in any case operates a night curfew on flights.

For a first-class hotel room at less than HK$500, shop around the swathe of glass-and-chrome hotels in Tsimshatsui (pronounced sim shah choy), which is the southern tip of Kowloon. The area is heavily oversupplied with new rooms, and walk-in over-nighters who are willing to take the risk of not forward booking may command a sizable discount.

On the debit side, it may take 20 to 30 minutes by cab or ferry to reach Central District, where most banks and professional offices are located.

English will see you through Hong Kong, as it will through Singapore and, to a lesser extent through Tokyo. It will fail you in Bangkok not far outside the hotel door, except for certain basic transactions.

Throughout the Far East, carry lots of business cards, preferably engraved, preferably carrying on the back a translation in Chinese or Japanese characters, if appropriate.

Dress formally in Hong Kong and Tokyo. But Bangkok and Singapore—hotter cities year-round—are more tolerant of open-neck shirts and slacks.

Bucket shops throughout the region will readily undercut regular airfares. Hong Kong travel agents will, for instance, offer return fares to Bangkok and Tokyo for HK$1,200-1,400 on conveniently timed flights with quality carriers. no absolute guarantee can be given for the reliability of Hong Kong travel agents as e whole, most are efficient, and a skim through the classified advertisement columns of the "South China Morning Post" can pay dividends.

For most countries that the businessman is likely to want to visit visas where necessary are quickly available. The exception is China, where arrangements should be made months in advance through official channels. For a first business trip, [illegible] a group under the auspices of trade or local business associations may prove most satisfactory.

Hong Kong—particularly attractive to travellers paying in U.S. dollars

Picture by Glyn Genin

Cunard's transatlantic air-sea package

● FOR THE business executive who wants to travel in style and has time for a sea voyage, then an air-sea travel package from Cunard may be the answer. Above: the last liner in regular transatlantic service, the Queen Elizabeth 2, passing Lower Manhattan inbound from Europe.

Cunard Line offer a number of packages which are attractive to the business traveller, including a "wife free" fare, and an air-sea package travelling one way to the USA or Canada by air and the other by ship.

The five-day crossing is also attractive to people making prolonged European or U.S. stays—cars and household effects and domestic pets can be carried.

The QE2 will make 24 transatlantic crossings between April and December.

CHECK-LIST FOR AIR TRAVELLERS

ALLAN BEAVER provides here a simple guide for getting the best value from your travel agent—what he terms "a plane man's check-list for saving money on air travel."

The first four points cover decisions, which you, the business traveller, should consider when making flight arrangements.

You are entitled to expect, at the very least, that your travel agent automatically checks the rest of the list. If you do not have a company travel manager, then undertake a spot-check several times a year, just to make sure you really are receiving the best possible deal.

1—Are you absolutely certain of times and dates of travel? Remember that lower air fares are often inflexible. If you alter your trip, you may lose the total cost. However, IATA airlines seldom enforce cancellation or even no-show charges on higher price tickets.

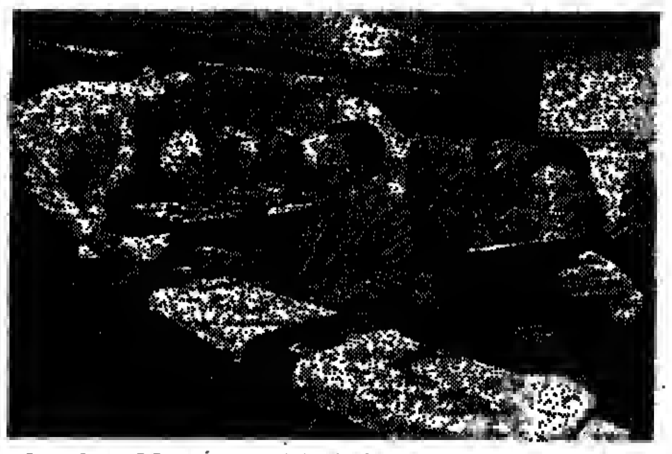
2—How much travel risk are you willing to take? It may be foolish to join the standby rucksack brigade at the end of July. But trans-Atlantic standby tickets are usually available in mid-February without problems.

3—What about other risks? Will you deal with disreputable companies which might involve losses? Some of the cheapest air tickets infringe airline rules.

Back-dating the issuance of advance purchase tickets and foreign currency ticketing (sometimes called cross-border selling) are typical examples, but there are many more.

Will you take a chance on the embarrassment and inconvenience of being refused passage? And is this type of risk incompatible with your personal or company status?

4—How much comfort do you want? And is there a company policy about who may travel first or club class and whether this is limited to journeys over a specific duration.



At a time of fierce competition between international airlines, businessmen are being offered an increasing range of in-flight comforts. Above: the spacious first class cabin of a British Caledonian DC-10

Some 74% of companies feel they receive a good overall service from their travel agents

Verdict on the agencies

IN THESE days of increasing business pressures, it is surprising that more than a third of the UK companies responding to a recent survey had never carried out a cost-analysis of their organisation's travel expenditure.

Only 41 per cent of respondents had done an analysis within the last year, 8 per cent within the last two years and 4 per cent more than two years ago.

These figures are among the findings of a business travel survey of 940 companies, undertaken by Dun and Bradstreet's marketing services division in London. The group maintains a computer file of more than 210,000 companies which can be analysed by size, location and trade parameters.

Some 74 per cent of companies feel they receive a good overall service from their travel agent, while 6 per cent are not satisfied. Only 60 per cent of companies believe their current arrangements with travel agents are cost effective, while 14 per cent assert they are not.

In all, 52 per cent of companies believe that they benefit from travel cost-savings achieved, while 17 per cent said that they do not have these benefits from using a travel agent.

A summary of the statistics (see table) provides a fascinating insight into whether travel retailers are completely satisfying the needs of business travellers.

The figures do not add up to 100 per cent, because not all the 940 respondents answered each question. Only 82 per cent of the companies said that their employees flew internationally on business. Of these, travel agents made 75 per cent of the arrangements, while 11 per cent of the bookings were by an in-house travel department.

Of those companies not currently using a travel agent, only 5 per cent of companies said that they would consider doing so, if a comprehensive range of services were available.

Eight hundred managing directors were asked in December by the London magazine, "Chief Executive," for information concerning their business travel arrangements. The directors' names were drawn randomly from the magazine's mailing list.

Around 42 per cent of the companies responding had a specific travel agent and 8 per cent preferred to book their travel direct. The rest only used a travel agent "some of the time."

'Less value'

Over 32 per cent of those replying to the CE survey felt that travel agencies gave "less than average value for money," while just under 11 per cent found them "better than average."

Whereas the D and B research showed that a little over 56 per cent of the companies had centralised their travel purchasing function, the CE results which only concerned managing directors, were different.

Nearly 90 per cent said that they left travel arrangements to other individuals or their secretaries. The survey revealed that only 4.5 per cent of companies had a travel manager, with a further 6 per cent or so having someone in charge of making travel arrangements.

There is also a contrast between the surveys, concerning the significance of various services. CE shows an alternative series of questions, asking respondents to rank services from one-to-five, depending on their relative importance. The survey then weighted the results, identifying the four services felt to be most useful and six more thought to be "unimportant," or less important.

More details available from "Chief Executive" magazine, Calderwood Street, London, S.E.18 6QH.

Allan Beaver

THE CHIEF EXECUTIVE VIEWPOINT

The importance of various travel agency services as rated by a survey of 800 managing directors by the London magazine "Chief Executive."

Important travel agency services:	Ranking	Availability
Immediate confirmation of flight reservations	1	1
High personalised service	2	3
Specialist fare unit advising on most economic fares	3	4
Visa and passport services	4	2
"Less important" services:		
Express delivery of documents	5	9
24-hour service	5	10
Conference/seminar group travel	7	7
Hotel and car hire reservations	8=	5=
Travellers' cheques and foreign currency	8=	5=
Worldwide network of offices	10	3

SERVICES FROM TRAVEL AGENTS

More than 900 British companies have indicated in a survey the variety of services which they now receive from travel agents. This table also shows the percentage of companies not receiving these services, but would like to—and the percentage which they say they do not need these services.

Services	Currently received %	Do not receive, but need %	Do not need %
Airline tickets	80	0 (one respondent only)	3
Rail tickets	55	2	20
UK hotel reservations	29	4	42
Overseas hotel reservations	54	5	20
UK car hire	20	1	51
Overseas car hire	36	3	35
Passport/visa documentation service	38	5	31
Advice/assistance on travel plans	58	7	13
24 hours emergency service	22	11	38
Airport representation	10	7	54
Overseas representation	7	6	56
Travellers cheques/currency	24	3	47
Computerised reservations	38	5	29
Computerised ticketing and accounting	34	5	32
Daily delivery service	44	5	27
Credit account facilities	63	2	12

Source: Dun and Bradstreet, Marketing Services Division, London

Six important considerations

HERE is a second check-list for the business traveller who could well save money by asking the following key questions:

1—Is there a charter flight or minimum-rated package tour (MRPT) available to the destination involved? (An MRPT provides nominal accommodation to comply with the regulations—in effect, only a return charter flight). Most big tour operators do this ie Thomson Airfares, Cosmos Cheapies.

2—Is there a cheaper individual or group inclusive arrangement which will cover all or part of the journey planned?

For example, cut-price arrangements incorporating scheduled air flights are available to a vast number of trade fairs, conferences and exhibitions. But you do not have to attend the event to qualify for the reduced price.

3—Will any other type of group air fare or perhaps a spouse fare apply, if you are travelling together with someone else?

4—Is there a scheduled air excursion fare applicable to all or part of the planned itinerary? Minimum and maximum stay rules are designed to make it difficult for businessmen to use these fares.

Another IATA regulation prevents the sale of excursion tickets in countries other than those from which the excursion fare applies. But it is neither illegal, nor wrong for you to instruct your associates in the Far East to book an excursion ticket for you, which you will collect on arrival.

5—Supposing you altered or postponed the date of travel? Is there any alternative air fare, including those with an advanced booking requirement, which might then apply?

6—If after taking all the above points into account, a full price-scheduled air ticket is inevitable, do you wish to visit more places than originally planned at little or no extra cost by taking advantage of the IATA mileage system?

And when undertaking an IATA fare construction, has the possibility of using a "round the world," circle trip or open jaw routing, or a hypothetical fare construction point, been considered?

Allan Beaver

TRAVEL AIDS: Lucia van der Post highlights some surprising trends in baggage design

New styles for trendy travellers

A GLANCE around the baggage carousel at any airport will immediately reveal that originality is not what a good suitcase is really about.

Most travellers have quite simple needs — they want something that is strong but light, that looks good and doesn't cost too much. Any manufacturer who can come up with a winning combination of all these requirements will be headed for sure-fire success.

There seems to be one basic decision to be made at the very beginning for any potential traveller deciding upon which baggage to buy—and that is how much he is prepared to spend.

There are two very acceptable approaches — either to buy cheap and often—or to regard a suitcase rather as if it were an investment, to pay the considerable sum a really good one may cost, and to have the satisfaction of knowing that it will last and last.

Rollbags

Luggage, as all travellers will have observed, comes in endless shapes and sizes. Currently riding very high in popularity are the soft rollbags which can be bought for as little as £10 and under in most baggage shops.

Luggage-buyers in the big stores report that these are very popular for the obvious reason that a good-sized rollbag can hold all that most travellers need for up to three or four days. I even know of a very smart fashion editor who went around the world with enough clothes for metropolitan and beach life, in several different climates, with just one of these sausage-shaped holdalls. They are light enough to be totally portable and have the great advantage that you can take them straight on to the plane, thus cutting down on check-in time and arrival time.

Once upon a time, these bags were mostly snapped up by the female of the species, but nowadays they come in sober colours and fabrics to meet the increasing demand from businessmen.

One of our best London stores with a fine luggage department, Harvey Nichols, reports that nowadays for every six suitcases they sell, some 10 to 15 hold-alls are sold and they believe this to be not untypical of the market as a whole.

Customers seem to be becoming increasingly demanding and look into all the details, such as zips and locks—too many travellers have lost too many goods through broken zips or rifled luggage for anything substandard to be saleable any more.

When customers want something more substantial than a holdall they often seem to go for something with wheels. Therefore an increasing number of manufacturers are incorporating wheels into their designs—among the latest manufacturers to produce a really lightweight range is Skyway.

Using a combination of ever-popular corduroy nylon (chosen for its strength and lightness) with wheels built into the framework, Skyway has produced a suitcase that looks like being one of the runaway successes of this year.

Another of the successful designs with wheels is the Superior range from France. Here, injection-moulded hard-shell suitcases are combined with wheels that enable the owner to push the case backward, forward and sideways and it will run, according to the buyer, "like cream over the tiles." The entire range comes with a three-year guarantee.

Almost all travel-goods stores report quite a difference between the tastes of men and women. Women often go for the many-compartmentalised suitcases. They (says the buyer who, incidentally, is female) always tend to "pack too much and wear too much" and like to see their undies in one compartment, blouses in another and toiletries in another.

European men, it seems, generally prefer the straightforward suitcase, though gradually they are beginning to adopt American habits and are changing over to combinations of "suiters" and carry-ons.

In the U.S., apparently, you can already tell the sex of the owner just by looking at the case. Almost to a man they are to be seen carying just "suiters" and carry-ons.

IN DEMAND: fashionable aluminium travel aids by Emilio Leone of Italy

If you see a suitcase you can be fairly sure it belongs to a woman (which leads me to suppose the US luggage market must be much more buoyant than in Britain—in our family no such luxury as a suitcase of your own exists We all have to grab whatever suitcase happens to be free at any given moment).

Baggage is definitely becoming larger in size—on Transatlantic flights these days baggage tends no longer to be weighed, but to be counted.

Most airlines allow just two pieces per person—one to be carried aboard and the other for the luggage hold, which means that there is a demand for larger suitcases for those who aren't able to exercise the same discipline as our globe-trotting fashion editor.

Though there are endless ranges of cheap and cheerful luggage (in Britain, for instance, Boots has just brought out a smart-looking collection which has a flight-bag for as little as £5.99, a barrel-shaped item with shoulder straps and handles for just £8.99; and a 28 in suitcase with its own padlock for £12.99), there is still a rising demand for the expensive end at well.

Leather is certainly not being phased out by the newer synthetics. In fact, recently it has staged a definite comeback, now that tanners and dyers are able to make it lighter and softer than it ever was before without any loss of strength.

Winner

Much sought-after is the Italian range of Redwall—this is heirloom luggage with buyers coming back, year after year, to add to their growing collection.

Yuki, the fashion designer, is responsible for one of the few British ranges—light and soft, in colours sober enough to please the most conservative captain of industry, it has won a Design Council Award this year and is proving very popular despite the price tag.

For those travellers who worry about status, the top-runners are still those designs which have acquired an international recognition — Vuitton, with its aura of the days of ocean travel and of mysterious journeys on the Orient Express; Gucci with its distinctive colouring; Cartier with its Bordeaux range and its *tres chic* C.

For those who care for status of a different sort—that is who are less concerned about advertising the size of their cheque book than the ability to recognise fine design—there are two completely opposing styles to look out for.

Porsche, the design company started by Ferdinand Porsche of the motor-car family, has produced what must be the ultimate for those who care about truly beautiful design—in softest German calf leather, oozing understated but distinct class.

There is a complete Porsche range of travelling aids for the businessman. An attache case, a document case (which will fit into the next design), the Travel Bag, the Saddle Bag and the Garment bag. This kind of class you have to pay for—£360 is the cheapest item on offer. And the leather garment bag will set our affluent but tasteful businessman back some £995.

Finally, for the really trendy traveller, the ultra-fashionable suitcase, according to Harvey Nichols, is going to be the Halliburton aluminium suitcase: very strong and simple in shape, the cases will come in a choice of silver oxidised, gold or black finish. A 26 in suitcase will start at about £300.

Anybody carrying one of these cases will certainly not be overlooked — possibly not even by the officer manning the Customs and Excise booth.

MEDICAL COVER: For international travellers, £20,000 cover should be regarded as the absolute minimum, says Arthur Sandles

Importance of health insurance

THERE IS little doubt that the health of the business traveller is suddenly a fashionable subject of conversation.

Youthful heart attacks (on the increase, says Europ Assistance); bad decision-making, thanks to jet-lag (see a clever series of Concorde advertisements); the rising incidence of infectious hepatitus; the pitfalls of answers to Montezuma's revenge or the Aztec two-step; even the threat to the after-hours energetic of herpes II; all will keep a couple of business travellers chatting busily over their Club-class free Scotch's (they are dehydrating, you know), from Athens to Amsterdam.

It is certainly a field in which there is an abundance of advice and helpful products.

For many business travellers, however, the practicality of some of the recommendations from the medical world, in particular, is open to doubt. As far as travel health is concerned, the company accountant is a much more powerful person than the company doctor.

Problems

It is extremely difficult, as a result, for probably the majority of business travellers to choose to fly with an airline that allows them to put their feet up; to fly on an aircraft that has enough room for a frequent walkabout; to rest and recover for sufficient time to be bright-eyed for the business negotiation; to avoid too many business lunches, or even worse, snatched sandwiches; and to escape the statutory drinks with the client and night on the town. Most travellers are under a firm direction to get there quickly and cheaply, do the deal and get back to base.

The potentially dangerous salad is difficult to refuse if preferred by the President's wife in some sunshine republic where you are about to sign a multi-million contract.

What has definitely happened in recent years is a growing awareness of the problems and dangers of travel. Volumes are written about the subject and the recent British expansion of immunisation centres (both British Airways and Thomas Cook have opened new commercial centres in London recently), and the rising emphasis which insurance companies are placing on offering business travel insurance.

As far as the more frequent travel ailments are concerned, caution is about all that can be exercised, since the acquisition of diarrhoea or even a local variety of influenza is not something against which it is easy to take strong defence—unlike malaria, yellow fever or the now thankfully-banished smallpox.

It is the treatment of such problems as diarrhoea which provokes the most heated arguments, which every nation it seems having some favourite (the British like variations of Kaolin and Morphine, the Americans prefer Lomotil) while the medical profession urges rest, darkened rooms and a carefully prepared salt/sugar solution as the only real treatment for the normal, simple case.

Recently, some Swiss researchers put the cat among the travel pigeons by suggesting that the more you tried to avoid diarrhoea you more likely you were to get it. Of some 10,555 European travellers to the tropics that they interviewed, one-third had suffered diarrhoea. The 32 per cent who had taken no precautionary measures at all, drinking and eating everything offered, experienced less than nine-tenths of the rate of diarrhoea when compared with the rest. Travellers who avoided only tap water suffered the average rate, but those who took the greatest trouble had slightly above-average problems.

The report received a flat "I don't believe it" from the University of Texas health centre. It believes that there is great danger in telling people that they can eat "anything."

It reckons "safe" foods to be steaming hot dishes, fruit that needs to be peeled, breads or the local equivalent, carbonated drinks and heavily sugared foods.

The "unsafe" list includes particularly anything that is left to sit out in the open at room temperatures, notably luncheon meats and sauces.

Perhaps the most difficult half-way ailment to avoid is infectious hepatitis, difficult because it seems to be caused by dirty glasses and thus very awkward to keep at bay when you are doing the run of tropical cocktail parties, but also because the glutinous gamma globulin injection which gives protection has to go into the customer's buttock and only lasts for a few weeks, anyway.

It is an experience which neither I nor my doctor seems to enjoy but, with several frequent traveller friends having been struck down with an ailment which leaves you listless and boozeless for a very long time, seems to be worth the trouble.

Good value

Basic health insurance cover these days is not markedly expensive for the UK business traveller — British Airways throws one in for your £55-a-year Club subscription (the actual insurer is Guardian Royal Exchange), but there are some points to watch for on the part of the buyer.

From bitter experience (being taken ill in Utah at 7.30 on a Sunday morning) I have now learned always to carry proof of my insured status, always to insist on a 24-hour, world-wide contact number for instant confirmation that someone acceptable is willing to pay and, if not travelling alone, always to make sure that someone else in the party knows where the insurance proof is kept.

Such is the competition in the market place today that levels of medical cover are almost always vastly more than is likely to be necessary. For the international traveller, however, £20,000 should surely be regarded as the absolute minimum—and you could soon spend that sum if you were in a severe car crash in California.

Claims above £50,000 are, say the insurance companies, extremely rare, which is why some of them are indulging in the astronomic or even limitless cover that is sometimes on offer without much risk.

BUPA, incidentally, has just increased its cover to £75,000 from £50,000.

It is worth remembering, however, that insurance is not itself a preventative medicine and that care, whatever the Swiss doctors say, is still a useful thing to take.

And yet perhaps the most dangerous moment of all is when you arrive back to base . . . that moment when you stagger back into the office, exhausted and jet-lagged after a non-stop sales tour and someone beams up to you with the question: "Have a good holiday?"

Heart attacks can happen here, too.